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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1
TENDER OFFER STATEMENT
(AMENDMENT NO. 29)
PURSUANT TO SECTION 14(D)(1) OF THE
SECURITIES EXCHANGE ACT OF 1934 AND
SCHEDULE 13D
(AMENDMENT NO. 30)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

PARAMOUNT COMMUNICATIONS INC.
(Name of Subject Company)

VIACOM INC.
NATIONAL AMUSEMENTS, INC.
SUMNER M. REDSTONE
BLOCKBUSTER ENTERTAINMENT CORPORATION
(Bidder)

COMMON STOCK, $1.00 PAR VALUE
(Title of Class of Securities)

699216 10 7
(CUSIP Number of Class of Securities)

PHILIPPE P. DAUMAN, ESQ.
VIACOM INC.
1515 BROADWAY
NEW YORK, NEW YORK 10036
TELEPHONE: (212) 258-6000
(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications on Behalf of Bidder)

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This Amendment No. 29 to the Tender Offer Statement on Schedule 14D-1 and Amendment No. 30 to Schedule 13D (the "Statement") relates to the offer by Viacom Inc., a Delaware corporation ("Purchaser"), to purchase shares of Common Stock, par value $1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation (the "Company"), at a price of $107 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in Purchaser's Offer to Purchase dated October 25, 1993 (the "Offer to Purchase"), a copy of which was attached as Exhibit (a)(1) to Amendment No. 1, filed with the Securities and Exchange Commission (the "Commission") on October 26, 1993, to the Tender Offer Statement on Schedule 14D-1 filed with the Commission on October 25, 1993 (the "Schedule 14D-1"), as supplemented by the Supplement thereto dated November 8, 1993 (the "First Supplement"), the Second Supplement thereto dated January 7, 1994 (the "Second Supplement") and the Third Supplement thereto dated January 18, 1994 (the "Third Supplement") and in the related Letters of Transmittal.

Capitalized terms used but not defined herein have the meanings assigned to such terms in the Offer to Purchase, the

First Supplement, the Second Supplement, the Third Supplement and the Schedule 14D-1.

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

Item 3(b) is hereby amended and supplemented as follows:

On January 21, 1994, the Paramount Board withdrew its recommendation of the QVC Offer and recommended that the Company's stockholders tender their Shares into Purchaser's Offer. The Company has advised Purchaser that the Company terminated the QVC Merger Agreement and that QVC and the Company entered into the form of exemption agreement appended thereto, which exemption agreement contains terms substantially identical to the terms of the Exemption Agreement between Purchaser and the Company.

Also on January 21, 1994, Purchaser and the Company entered into an Agreement and Plan of Merger in substantially the form of the Form of Merger Agreement appended to the Exemption Agreement, except for the provisions summarized below (in the form so executed, the "Revised Merger Agreement"). The following summary of certain provisions of the Revised Merger Agreement is qualified in its entirety by reference to the Revised Merger Agreement, a copy of which is filed as Exhibit (a)(65) to the Schedule 14D-1.

(a) The Revised Merger Agreement contains such changes as are necessary to reflect the terms of the Offer as described in the Third Supplement, including the consideration to be received by the holders of Shares in the Offer and the Merger. Accordingly, the Revised Merger Agreement provides that, upon consummation of the Merger, in the event the Offer has been consummated prior to the Merger, each issued and outstanding Share (other than Shares held in the treasury of the Company or owned by Purchaser or any direct or indirect wholly owned subsidiary of Purchaser or of the Company and other than Shares held by stockholders who shall have demanded and perfected appraisal rights under Delaware Law) will be converted into the right to receive (i) .93065 shares of Viacom Class B Common Stock, (ii) .30408 shares of Viacom Merger Preferred Stock, (iii) .93065 CVRs and (iv) .50 Viacom Warrants (with cash payable in lieu of fractional securities). The Revised Merger Agreement also contains conforming and updating changes to various representations, warranties and covenants of Purchaser.

(b) The Revised Merger Agreement includes provisions relating to dissenter's rights available to stockholders who do not vote in favor of the Merger or consent thereto in writing and who properly demand in writing appraisal for their Shares in accordance with Section 262 of Delaware Law and who do not withdraw such demand or otherwise forfeit appraisal rights.

(c) The Revised Merger Agreement provides that following the election or appointment of Purchaser's designees to the Paramount Board following the purchase of Shares pursuant to the Offer and prior to the Effective Time, any amendment or termination of the Revised Merger Agreement, extension for the performance or waiver of the obligations or other acts of Purchaser or waiver of the Company's rights thereunder will require the concurrence of a majority of directors of the Company then in office who were directors on the date of the Revised Merger Agreement or are designated by such directors.

(d) Purchaser confirms certain representations and warranties made by Blockbuster in the Blockbuster Merger Agreement. In addition, actions to be taken by Purchaser to consummate the acquisition of Blockbuster and the Blockbuster Subscription Agreement have been reflected in the relevant representations, warranties, and covenants of Purchaser contained in the Revised Merger Agreement. The Revised Merger Agreement also provides that the terms of the Blockbuster Merger Agreement and the Blockbuster Subscription Agreement shall not, without the consent of the Company, be amended or waived in any manner that would have a materially adverse effect on the value of the aggregate consideration to be received by the Company's stockholders in the Offer and the Merger taken together.

(e) In the Revised Merger Agreement, July 31, 1994 (or September 30, 1994 in specified circumstances) is the date on which either the Company or Purchaser may terminate such agreement if the Merger shall not have occurred. The corresponding date in the Form of Merger Agreement was June 30, 1994 (or August 30, 1994 in specified circumstances).

(f) In addition to the circumstances specified in the Form of Merger Agreement in which the Company may terminate the Revised Merger Agreement, the Revised Merger Agreement also permits the Company to terminate such agreement if due to the occurrence or circumstance that would result in a failure to satisfy any of the conditions to the Offer or otherwise, (1) the Offer shall have expired without the purchase of Shares thereunder or Purchaser shall be obligated to terminate the Offer in accordance with Section 2.05 of the Revised Merger Agreement, or (2) Purchaser shall have failed to accept Shares for payment pursuant to the Offer prior to 9:00 a.m. on the business day following the Final Expiration Date (as defined in the Revised Merger Agreement) of the Offer, unless such failure shall have been caused by or resulted from the failure of the Company to perform in any material respect its material covenants and agreements contained in the Revised Merger Agreement or resulted from the termination of the Offer by Purchaser pursuant to Section 2.1(c) of the Revised Merger Agreement.

Also on January 21, 1994, the Company and National Amusements, Inc., the controlling stockholder of Purchaser ("NAI"), entered into a Voting Agreement (the "Revised Voting Agreement") pursuant to which NAI has agreed to vote the shares of Viacom Class A Common Stock held by it (a) in favor of the Merger and the Revised Merger Agreement and the amendments to Purchaser's Restated Certificate of Incorporation required to effect the Merger and (b) against any proposal for any recapitalization, merger, sale of assets or other business combination involving Purchaser (other than the Merger and any merger of Blockbuster and Purchaser) or any other action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of Purchaser under the Revised Merger Agreement or which could result in any of the conditions to Purchaser's obligations under the Revised Merger Agreement not being fulfilled. The foregoing summary of the Revised Voting Agreement is qualified in its entirety by reference to the Revised Voting Agreement, a copy of which is filed as Exhibit (a)(66) to the Schedule 14D-1.

A copy of a press release issued by Purchaser on January 21, 1994 relating to the foregoing is filed as Exhibit (a)(67) to the Schedule 14D-1 and is incorporated herein by reference.

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

Item 4 is hereby amended and supplemented as follows:

Blockbuster expects to obtain a portion of the funds necessary to purchase the shares of Viacom Class B Common Stock under the Blockbuster Subscription Agreement pursuant to a new unsecured credit facility (the "New Blockbuster Facility") for $1 billion to be established in accordance with the terms of a commitment letter (the "Blockbuster Commitment Letter") issued by Bank of America National Trust and Savings Association ("Bank of America"). Under the Blockbuster Commitment Letter, the New Blockbuster Facility would be available in one drawing, not later than April 29, 1994, have a 364-day term and bear interest at Blockbuster's option at the Reference Rate or at LIBOR plus up to 1.0% for the first six months and plus 1.25% thereafter. Under the Blockbuster Commitment Letter, the Reference Rate is generally defined as the higher of (i) the rate of interest publicly announced from time to time by the Bank of America in San Francisco, California as its Reference Rate, or (ii) 0.5% per annum above the Federal Funds Rate in effect on such day. Under the Blockbuster Commitment Letter, LIBOR is generally defined as the average London interbank offered rate for 1-, 2-, 3-, or, if available, 6-month Eurodollar deposits. Among other conditions, Bank of America's obligations under the New Blockbuster Facility will be subject to Purchaser accepting for payment at least 50.1% of the outstanding Shares pursuant to the Offer and to the negotiation and execution of a definitive credit agreement with covenants and conditions substantially similar to the Blockbuster Credit Agreement (as described below) and other customary provisions. Bank of America's commitment is also subject to (i) the accuracy and completeness of the information concerning Blockbuster and the Blockbuster Subscription Agreement and related matters provided by Blockbuster, (ii) there being no material adverse change in the financial condition, business, operations or properties of Blockbuster since September 30, 1993, except as publicly disclosed on or prior to January 20, 1994, (iii) there being no material litigation or any judgment, order, injunction or other restraint which has a reasonable likelihood of having a material adverse effect on the condition (financial or otherwise), operations, business or properties of Blockbuster and its subsidiaries taken as a whole, and (iv) there being no judgment, order, injunction or other restraint prohibiting or imposing materially adverse conditions on the purchase of Viacom Class B Common Stock under the Blockbuster Subscription Agreement or the making of the loans under the New Blockbuster Facility. The foregoing summary of the Blockbuster Commitment Letter is qualified in its entirety by reference to the Blockbuster Commitment Letter, a copy of which is filed as Exhibit (b)(8) to the Schedule 14D-1.

Blockbuster expects to obtain the remainder of such funds from its existing Amended and Restated Credit Agreement dated as of December 22, 1993 (the "Blockbuster Credit Agreement"), with certain banks named therein and Bank of America, for itself and as agent, pursuant to which such banks have agreed to advance Blockbuster on an unsecured basis an aggregate of $1 billion for a term of 40 months. Outstanding advances, if any, will become payable at the expiration of the 40-month term. The Blockbuster Credit Agreement requires, among other things, that Blockbuster maintain certain financial ratios and comply with certain financial covenants. Interest is generally determined and payable monthly in accordance with a competitive bid feature. As of the date hereof, more than $550 million is available under the Blockbuster Credit Agreement. The foregoing summary of the Blockbuster Credit Agreement is qualified in its entirety by reference to the Blockbuster Credit Agreement, a copy of which is filed as Exhibit (b)(9) to the Schedule 14D-1.

The Blockbuster Credit Agreement contains, and the Blockbuster Commitment Letter contemplates that the New Blockbuster Facility will contain, certain covenants and events of default, including a change of control default, which will require a waiver in connection with the Blockbuster Merger or the refinancing of the indebtedness incurred under such facilities.

Blockbuster anticipates that the indebtedness incurred in connection with the purchase of Viacom Class B Common Stock through borrowings under the New Blockbuster Facility and the Blockbuster Credit Agreement would be repaid from sources which include, but may not be limited to, funds generated internally by Blockbuster and its subsidiaries, bank refinancing, and the public or private sale of debt or equity securities. The method of such repayment has not been determined and will be based on Blockbuster's review from time to time of the advisability of particular actions, as well as on prevailing interest rates and financial and other economic conditions and such other factors as Blockbuster may deem appropriate.

Purchaser anticipates that, if the Blockbuster Merger is consummated, such indebtedness would be repaid from sources which include, but may not be limited to, funds generated internally by Purchaser and its subsidiaries, bank refinancing, and the public or private sale of debt or equity securities. The method of such repayment has not been determined and will be based on Purchaser's review from time to time of the advisability of particular actions, as well as on prevailing interest rates and financial and other economic conditions and such other factors as Purchaser may deem appropriate.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

Item 11 is hereby amended and supplemented to add the following Exhibits:

99(a)(65) Agreement and Plan of Merger, dated as of January 21, 1994, between Purchaser and the Company.

99(a)(66) Voting Agreement, dated as of January 21, 1994, between National Amusements, Inc. and the Company.

99(a)(67) Press Release issued by Purchaser, dated January 21, 1994.

99(b)(8) Commitment Letter, dated January 20, 1994, between Blockbuster Entertainment Corporation and Bank of America National Trust and Savings Association.

99(b)(9) Amended and Restated Credit Agreement, dated as of December 22, 1993, among Blockbuster Entertainment Corporation, the Designated Subsidiaries, Bank of America National Trust and Savings Association, as Agent, BA Securities Inc., as Arranger, and the other financial institutions party thereto.

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.

January 24, 1994

VIACOM INC.

By /s/ PHILIPPE P. DAUMAN
.....

Philippe P. Dauman
Senior Vice President, General
Counsel and Secretary

*
.....

Sumner M. Redstone,
Individually

NATIONAL AMUSEMENTS, INC.

By *
.....

Sumner M. Redstone
Chairman, Chief Executive
Officer and President

*By /s/ PHILIPPE P. DAUMAN
.....

Philippe P. Dauman
Attorney-in-Fact under Powers
of Attorney filed as Exhibit (a)(36)
to the Schedule 14D-1

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.

January 24, 1994

BLOCKBUSTER ENTERTAINMENT CORPORATION

By /s/ STEVEN R. BERRARD

.....

Steven R. Berrard
President and
Chief Operating Officer

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99(a)(67)	Press Release issued by Purchaser, dated January 21, 1994.	
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AGREEMENT AND PLAN OF MERGER

between

VIACOM INC.

and

PARAMOUNT COMMUNICATIONS INC.

Dated as of January 21, 1994

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AGREEMENT AND PLAN OF MERGER, dated as of January 21, 1994 (this "Agreement"), between VIACOM INC., a Delaware corporation ("Viacom"), and PARAMOUNT COMMUNICATIONS INC., a Delaware corporation ("Paramount").

W I T N E S S E T H :

WHEREAS, Viacom and Paramount have determined that it is in the best interest of their respective shareholders to enter into this Agreement so as to facilitate the business combination of the two companies through a first-step cash tender offer and a second-step merger, while preserving the ability to proceed with a single-step merger in appropriate circumstances, and in accordance with the General Corporation Law of the State of Delaware ("Delaware Law"), Paramount and Viacom have agreed to enter into a business combination transaction pursuant to which Paramount will merge with and into Viacom (the "Forward Merger") or alternatively, a subsidiary of Viacom ("Merger Subsidiary") will merge with and into Paramount (the "Reverse Merger" and, together with the Forward Merger, the "Merger");

WHEREAS, in furtherance of the Merger, Viacom has amended and supplemented its outstanding tender offer (as amended and supplemented in accordance with this Agreement, the "Offer") to acquire 61,657,432 shares of common stock, par value $1.00 per share, of Paramount ("Paramount Common Stock"), or such greater number of shares as equals 50.1% of the shares of Paramount Common Stock outstanding on a fully diluted basis (as defined in Section 9.3 herein), for $107.00 per Paramount share (the consideration per share of Paramount Common Stock to be paid pursuant to the Offer being referred to as the "Per Share Amount"), upon the terms and subject to the conditions of this Agreement and the Offer;

WHEREAS, the Board of Directors of Paramount has determined that the Merger and the Offer are consistent with and in furtherance of the long-term business strategy of Paramount and are fair to, and in the best interests of, Paramount and the holders of Paramount Common Stock and has approved and adopted this Agreement and has approved the Merger and the other transactions contemplated hereby (including, without limitation, the Offer) and recommended approval and adoption of this Agreement and approval of the Merger by the stockholders of Paramount and agreed to recommend that stockholders of Paramount tender their shares of Paramount Common Stock pursuant to the Offer;

WHEREAS, the Board of Directors of Viacom has determined that the Merger and the Offer are consistent with and in furtherance of the long-term business strategy of Viacom and are fair to, and in the best interests of, Viacom and its

stockholders and has approved and adopted this Agreement and has approved the Merger and the other transactions contemplated hereby (including, without limitation, the making of the Offer) and recommended approval and adoption of this Agreement and approval of the Merger by the holders of the Class A Common Stock, par value $.01 per share, of Viacom (the "Viacom Class A Common Stock");

WHEREAS, for federal income tax purposes, it is intended that the Forward Merger qualify as a reorganization under the provisions of Section 368(a) of the United States Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, concurrently with the execution of this Agreement and as an inducement to Paramount to enter into this Agreement, National Amusements, Inc., a Maryland corporation and the majority stockholder of Viacom ("National"), and Paramount will enter into a Voting Agreement, substantially in the form of the Voting Agreement previously entered into on September 12, 1993 (the "Voting Agreement"), pursuant to which National shall, among other things, vote its shares of Viacom Class A Common Stock in favor of the Merger and the other transactions contemplated by this Agreement;

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 MERGER

SECTION 1.1. 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 1.3), Paramount shall be merged with and into Viacom; provided, however, that if, after consulting with Paramount and its professional advisors in good faith, Shearman & Sterling, counsel to Viacom, is unable to deliver an opinion in form and substance reasonably satisfactory to Viacom (such opinion to be based on customary assumptions and representations) that the Forward Merger will qualify as a reorganization under Section 368(a) of the Code, Viacom may elect to cause a subsidiary of Viacom to merge with and into Paramount. As a result of the Forward Merger, the separate corporate existence of Paramount (or, in the case of the Reverse Merger, Merger Subsidiary) shall cease and Viacom (or, in the case of the Reverse Merger, Paramount) shall continue as the surviving corporation of the Merger (the "Surviving Corporation").

SECTION 1.2. Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated

shall have been abandoned pursuant to Section 8.1 and subject to the satisfaction or, if permissible, waiver of the conditions set forth in Article VII, the consummation of the Merger will take place as promptly as practicable (and in any event within two business days) after satisfaction or waiver of the conditions set forth in Article VII, at the offices of Shearman & Sterling, 599 Lexington Avenue New York, New York, unless another date, time or place is agreed to in writing by the parties hereto.

SECTION 1.3. Effective Time. As promptly as practicable after the satisfaction or, if permissible, waiver of the conditions set forth in Article VII, the parties hereto shall cause the Merger to be consummated by filing a certificate of merger (the "Certificate of Merger") with the Secretary of State of the State of Delaware in such form as required by, and executed in accordance with the relevant provisions of, Delaware Law (the date and time of such filing, or such later date or time as set forth therein, being the "Effective Time").

SECTION 1.4. Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of Delaware Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, except as otherwise provided herein, all the property, rights, privileges, powers and franchises of Viacom (or, in the case of the Reverse Merger, Merger Subsidiary) and Paramount shall vest in the Surviving Corporation, and all debts, liabilities and duties of Viacom (or, in the case of the Reverse Merger, Merger Subsidiary) and Paramount shall become the debts, liabilities and duties of the Surviving Corporation.

SECTION 1.5. Certificate of Incorporation; By-Laws. (a) At the Effective Time of the Forward Merger, the Certificate of Incorporation and the By-Laws of Viacom, as in effect immediately prior to the Effective Time, shall be the Certificate of Incorporation and the By-Laws of the Surviving Corporation.

(b) Alternatively, at the Effective Time of the Reverse Merger, the Certificate of Incorporation and By-Laws, respectively, of the Surviving Corporation shall be amended and restated in their entirety to read as the Certificate of Incorporation and By-Laws of Merger Subsidiary.

SECTION 1.6. Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of Viacom, Paramount or the holders of any of the following securities:

(a) In the event that the Offer has been consummated prior to the Effective Time, each share of Paramount Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Paramount Common Stock to be canceled pursuant to Section 1.6(c) and any Dissenting Shares (as defined in Section 1.10)) shall be

converted into the right to receive (A) .93065 shares of Class B common stock, par value $0.01 per share ("Viacom Class B Common Stock"), of Viacom, (B) .30408 shares of a new series of convertible exchangeable preferred stock, par value $0.01 per share ("Viacom Merger Preferred Stock") of Viacom having the principal terms described in Annex B, (C) .93065 contingent value rights of Viacom (the "CVRs") having the principal terms described in Annex C and (D) .50 warrants (the "Warrants") of Viacom having the principal terms described in Annex D; provided, however, that, in any event, if between the date of this Agreement and the Effective Time the outstanding shares of Viacom Class B Common Stock, Viacom Merger Preferred Stock or Paramount Common Stock shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, the amounts of Viacom Class B Common Stock, Viacom Merger Preferred Stock CVRs and Warrants specified above shall be correspondingly adjusted to reflect such stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares. All such shares of Paramount Common 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 1.7 certificates evidencing (a) such number of whole shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock and (b) such number of whole CVRs and Warrants into which such Paramount Common Stock was converted in accordance herewith. The holders of such certificates previously evidencing such shares of Paramount Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of Paramount Common Stock except as otherwise provided herein or by law. No fractional share of Viacom Class B Common Stock or Viacom Merger Preferred Stock or fractional CVR or Warrant shall be issued and, in lieu thereof, a cash payment shall be made pursuant to Section 1.7(d).

(b) In the event that the Offer has not been consummated prior to the Effective Time:

(i) subject to the further provisions of this Section 1.6, each share of Paramount Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Paramount Common Stock to be canceled pursuant to Section 1.6(c)) and any Dissenting Shares, shall be converted, subject to Section 1.7(d), into the right to receive (A)(i) .93065 of a share of Viacom Class B Common Stock (the "Class B Exchange Ratio"); (ii) 0.30408 of a share of

Viacom Merger Preferred Stock (the "Preferred Stock Exchange Ratio"); (iii) .93065 CVRs (the "CVR Exchange Ratio") and (iv) .50 Warrants (the "Warrant Exchange Ratio"; and together with the Class B Exchange Ratio, the Preferred Stock Exchange Ratio and the CVR Exchange Ratio; the "Exchange Ratios"), (B) $107.00 in cash (the "Per Share Cash Amount"); or (C) a combination of shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs, Warrants and cash determined in accordance with Sections 1.6(b)(iv), (v) and (vi); provided, however, that, in any event, if between the date of this Agreement and the Effective Time the outstanding shares of Viacom Class B Common Stock, Viacom Merger Preferred Stock or Paramount Common Stock shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, the Exchange Ratios and Per Share Cash Amount shall be correspondingly adjusted to reflect such stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares. All such shares of Paramount Common 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 1.7 and in accordance with the allocation procedures set forth in this Section 1.6, (i) certificates evidencing (x) such number of whole shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock and (y) such number of whole CVRs and Warrants into which such Paramount Common Stock was converted in accordance with the Exchange Ratios and/or (ii) the Per Share Cash Amount multiplied by the number of shares of Paramount Common Stock previously evidenced by the canceled certificate. The holders of such certificates previously evidencing such shares of Paramount Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of Paramount Common Stock except as otherwise provided herein or by law. No fractional share of Viacom Class B Common Stock or Viacom Merger Preferred Stock or fractional CVR or Warrant shall be issued and, in lieu thereof, a cash payment shall be made pursuant to Section 1.7(d).

(ii) Subject to the election and allocation procedures set forth in this Section 1.6, each holder of record of shares of Paramount Common Stock as of the record date for the meeting of stockholders of Paramount referred to in Section 6.7 will be entitled

to (A) elect to receive certificates evidencing such number of shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock and (y) such number of whole CVRs and Warrants into which such number of shares of Paramount Common Stock would be converted in accordance with the Exchange Ratios (a "Securities Election"), (B) elect to receive the Per Share Cash Amount multiplied by such number of shares of Paramount Common Stock (a "Cash Election"), or (C) indicate that such holder has no preference as to the receipt of cash or shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock and CVRs and Warrants in exchange for such shares of Paramount Common Stock (a "Non-Election"). All such elections shall be made on a form designed for that purpose and mutually acceptable to Viacom and Paramount (a "Form of Election") and mailed to holders of record of shares of Paramount Common Stock as of the record date for the meeting of stockholders of Paramount referred to in Section 6.7. Holders of record of shares of Paramount Common Stock who hold such shares as nominees, trustees or in other representative capacities ("Representatives") may submit multiple Forms of Election, provided that such Representative certifies that each such Form of Election covers all the shares of Paramount Common Stock held by such Representative for a particular beneficial owner entitled to so elect pursuant to the first sentence of this Section 1.6(b)(ii). Elections shall be made by holders of Paramount Common Stock by mailing to the Exchange Agent (as defined in Section 1.7) properly completed and signed Forms of Election. In order to be effective, a Form of Election must be received by the Exchange Agent no later than the close of business on the last business day prior to the Effective Time. All elections may be revoked until the last business day prior to the Effective Time. Viacom shall have the discretion, which it may delegate in whole or in part to the Exchange Agent, to determine whether Forms of Election have been properly completed and signed and properly and timely submitted or revoked and to disregard immaterial defects in Forms of Election, and any good faith decision of Viacom or the Exchange Agent in such matters shall be binding and conclusive. Neither Viacom nor the Exchange Agent shall be under any obligation to notify any person of any defect in a Form of Election. Any holder of shares of Paramount Common Stock who fails to make an election and any holder who fails to submit to the Exchange Agent a properly completed and signed and properly and timely submitted Form of Election shall be deemed to have made a Non-Election.

(iii) The aggregate number of shares of Paramount Common Stock to be converted into the right to receive

cash in the Merger (the "Cash Election Number") shall
be equal to 50.1% of the number of shares of Paramount Common Stock outstanding immediately prior to the Effective Time, and the aggregate number of shares of Paramount Common Stock to be converted into the right to receive shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock and CVRs and Warrants in the Merger (the "Securities Election Number") shall be equal to 49.9% of the number of shares of Paramount Common Stock outstanding immediately prior to the Effective Time.

(iv) If the aggregate number of shares of Paramount Common Stock with respect to which Cash Elections have been made plus Dissenting Shares (the "Cash Election Shares") exceeds the Cash Election Number, all shares of Paramount Common Stock with respect to which Securities Elections have been made (the "Securities Election Shares") and all shares of Paramount Common Stock with respect to which Non-Elections have been made (the "Non-Election Shares") shall be converted into the right to receive shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs and Warrants, and the Cash Election Shares (other than Dissenting Shares) shall be converted into the right to receive shares of Viacom Class B Common Stock, Viacom Merger Preferred Stock, CVRs, Warrants and cash in the following manner:

each Cash Election Share (other than Dissenting Shares) shall be converted into the right to receive (i) an amount in cash, without interest, equal to the product of (x) the Per Share Cash Amount and (y) a fraction (the "Cash Fraction"), the numerator of which shall be the Cash Election Number and the denominator of which shall be the total number of Cash Election Shares, (ii) a number of shares of Viacom Class B Common Stock equal to the product of (x) the Class B Exchange Ratio and (y) a fraction equal to one minus the Cash Fraction, (iii) a number of shares of Viacom Merger Preferred Stock equal to the product of (x) the Preferred Stock Exchange Ratio and (y) a fraction equal to one minus the Cash Fraction, (iv) a number of CVRs equal to the product of (x) the CVR Exchange Ratio and (y) a fraction equal to one minus the Cash Fraction and (v) a number of Warrants equal to the product of (x) the Warrant Exchange Ratio and (y) a fraction equal to one minus the Cash Fraction.

(v) If the aggregate number of Securities Election Shares exceeds the Securities Election Number, all Cash Election Shares (other than Dissenting Shares)

and all Non-Election Shares shall be converted into the right to receive cash, and all Securities Election Shares shall be converted into the right to receive shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs, Warrants and cash in the following manner:

each Securities Election Share shall be converted into the right to receive (i) a number of shares of Viacom Class B Common Stock equal to the product of (x) the Class B Exchange Ratio and (y) a fraction (the "Securities Fraction"), the numerator of which shall be the Securities Election Number and the denominator of which shall be the total number of Securities Election Shares, (ii) a number of shares of Viacom Merger Preferred Stock equal to the product of (x) the Preferred Stock Exchange Ratio and (y) the Securities Fraction, (iii) a number of CVRs equal to the product of (x) the CVR Exchange Ratio and (y) the Securities Fraction, (iv) a number of Warrants equal to the product of (x) the Warrant Exchange Ratio and (y) the Securities Fraction and (v) an amount in cash, without interest, equal to the product of (x) the Per Share Cash Amount and (y) a fraction equal to one minus the Securities Fraction.

(vi) In the event that neither Section 1.6(b)(iv) nor Section 1.6(b)(v) above is applicable, all Cash Election shares shall be converted into the right to receive cash, all Securities Election Shares shall be converted into the right to receive shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs and Warrants, and the Non-Election Shares, if any, shall be converted into the right to receive shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs, Warrants and cash in the following manner:

each Non-Election Share shall be converted into the right to receive (i) an amount in cash, without interest, equal to the product of (x) the Per Share Cash Amount and (y) a fraction (the "Non-Election Fraction"), the numerator of which shall be the excess of the Cash Election Number over the total number of Cash Election Shares and the denominator of which shall be the excess of (A) the number of shares of Paramount Common Stock outstanding immediately prior to the Effective Time over (B) the sum of the total number of Cash Election Shares and the total number of Securities Election Shares, (ii) a number of shares of Viacom Class B Common Stock equal to the product of (x) the Class B Exchange Ratio and (y) a fraction

equal to one minus the Non-Election Fraction, (iii) a number of shares of Viacom Merger Preferred Stock equal to the product of (x) the Preferred Stock Exchange Ratio and (y) a fraction equal to one minus the Non-Election Fraction, (iv) a number of CVRs equal to the product of (x) the CVR Exchange Ratio and (y) a fraction equal to one minus the Non-Election Fraction and (v) a number of Warrants equal to the product of (x) the Warrant Exchange Ratio and (y) a fraction equal to one minus the Non-Election Fraction.

(vii) The Exchange Agent shall make all computations contemplated by this Section 1.6 and all such computations shall be binding and conclusive on the holders of Paramount Common Stock.

(c) Each share of Paramount Common Stock held in the treasury of Paramount and each share of Paramount Common Stock owned by Viacom or any direct or indirect wholly owned subsidiary of Viacom or of Paramount 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.

(d) In the Reverse Merger, each share of common stock of Merger Subsidiary issued and outstanding immediately prior to the Effective Time shall be converted into and exchanged for one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation.

SECTION 1.7. Exchange of Certificates and Cash.

(a) Exchange Agent. As of the Effective Time (in the case of a Merger to which Section 1.6(a) applies) or promptly after completion of the allocation procedures set forth in Section 1.6 (in the case of a Merger to which Section 1.6(b) applies), Viacom shall deposit, or shall cause to be deposited, with or for the account of a bank or trust company designated by Viacom, which shall be reasonably satisfactory to Paramount (the "Exchange Agent"), for the benefit of the holders of shares of Paramount Common Stock (other than Dissenting Shares), for exchange in accordance with this Article I, through the Exchange Agent, (i) certificates evidencing the shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, the Warrants and the CVRs issuable pursuant to Section 1.6 in exchange for outstanding shares of Paramount Common Stock and (ii) cash, if any, in the aggregate amount required to be exchanged for shares of Paramount Common Stock pursuant to Section 1.6 (the "Exchange Cash Consideration") (such certificates for shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, the Warrants and the CVRs, together with any dividends or distributions with respect thereto, and the Exchange Cash Consideration, if any, being hereafter collectively referred to as the "Exchange Fund").

The Exchange Agent shall, pursuant to irrevocable instructions, deliver the shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, Warrants, CVRs and cash, if any, contemplated to be issued pursuant to Section 1.6 out of the Exchange Fund to holders of shares of Paramount Common Stock. Except as contemplated by Section 1.7(d) hereof, the Exchange Fund shall not be used for any other purpose. Any interest, dividends or other income earned on the investment of cash or other property held in the Exchange Fund shall be for the account of Viacom.

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time, Viacom 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 Paramount Common 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 Viacom may reasonably specify) and (ii) instructions to effect the surrender of the Certificates in exchange for the certificates evidencing shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs, Warrants and cash. Upon surrender of a Certificate for cancellation to the Exchange Agent together with such letter of transmittal, duly executed, and such other customary documents as may be required pursuant to such instructions, the holder of such Certificate shall be entitled to receive in exchange therefor (A) certificates evidencing that number of whole shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock and that number of whole CVRs and Warrants which such holder has the right to receive in accordance with Section 1.6 in respect of the shares of Paramount Common Stock formerly evidenced by such Certificate, (B) cash, if any, which such holder has the right to receive in accordance with Section 1.6, (C) any dividends or other distributions to which such holder is entitled pursuant to Section 1.7(c), and (D) cash in lieu of fractional shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock and fractional CVRs and Warrants to which such holder is entitled pursuant to Section 1.7(d) (the shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs, Warrants, dividends, distributions and cash described in clauses (A), (B), (C) and (D) being, collectively, the "Merger Consideration"), and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of shares of Paramount Common Stock which is not registered in the transfer records of Paramount, shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs, Warrants and cash may be issued and paid in accordance with this Article I to a transferee if the Certificate evidencing such shares of Paramount Common 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. Until surrendered as contemplated by this Section 1.7, 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.

(c) Distributions With Respect to Unexchanged Shares. No dividends or other distributions declared or made after the Effective Time with respect to shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs and Warrants with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of Viacom Class B Common Stock or Viacom Merger Preferred Stock, CVRs or Warrants they are entitled to receive until the holder of such Certificate shall surrender such Certificate.

(d) Fractional Shares, CVRs and Warrants. No fraction of a share of Viacom Class B Common Stock or Viacom Merger Preferred Stock or fraction of a CVR or Warrant shall be issued in the Merger. In lieu of any such fractional shares or fractional CVRs or Warrants, each holder of Paramount Common Stock entitled to receive shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs and Warrants in the Merger, upon surrender of a Certificate for exchange pursuant to this Section 1.7, shall be paid (1) an amount in cash (without interest), rounded to the nearest cent, determined by multiplying (i) the per share closing price on the American Stock Exchange ("AMEX") of Viacom Class B Common Stock on the date of the Effective Time (or, if shares of Viacom Class B Common Stock do not trade on the AMEX on such date, the first date of trading of such Viacom Class B Common Stock on the AMEX after the Effective Time) by (ii) the fractional interest in Viacom Class B Stock to which such holder would otherwise be entitled (after taking into account all shares of Paramount Common Stock then held of record by such holder) plus (2) an amount in cash (without interest), rounded to the nearest cent, determined by multiplying (i) $50.00 by (ii) the fractional interest in Viacom Merger Preferred Stock to which such holder would otherwise be entitled (after taking into account all shares of Paramount Common Stock then held of record by such holder) plus (3) an amount in cash (without interest), rounded to the nearest cent, determined by multiplying (i) the fair market value of one CVR, as determined by reference to a five day average trading price, if available, or if not available, in the reasonable judgment of the Viacom Board of Directors by (ii) the fractional interest in a CVR to which such holder would otherwise be entitled (after taking into account all shares of Paramount Common Stock then held of record by such holder) plus (4) an amount in cash (without interest) rounded to the nearest cent, determined by multiplying (i) the fair market value of one Warrant, as determined by reference to a five day average trading price, if available, or if not available, in the reasonable judgment of the Viacom Board of Directors by (ii) the fractional interest in a Warrant to which such holder would

otherwise be entitled (after taking into account all shares of Paramount Common Stock then held of record by such holder).

(e) Termination of Exchange Fund. Any portion of the Exchange Fund which remains undistributed to the holders of Paramount Common Stock for six months after the Effective Time shall be delivered to Viacom, upon demand, and any holders of Paramount Common Stock who have not theretofore complied with this Article I shall thereafter look only to Viacom for the Merger Consideration to which they are entitled pursuant to this Article I.

(f) No Liability. Neither Viacom nor Paramount shall be liable to any holder of shares of Paramount Common Stock for any such shares of Viacom Class B Common Stock or Viacom Merger Preferred Stock, CVRs, Warrants (or dividends or distributions with respect thereto) or cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(g) Withholding Rights. Viacom 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 Paramount Common Stock such amounts as Viacom or the Exchange Agent is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by Viacom 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 Paramount Common Stock in respect of which such deduction and withholding was made by Viacom or the Exchange Agent.

SECTION 1.8. Stock Transfer Books. At the Effective Time, the stock transfer books of Paramount shall be closed, and there shall be no further registration of transfers of shares of Paramount Common Stock thereafter on the records of Paramount. On or after the Effective Time, any Certificates presented to the Exchange Agent or Viacom for any reason shall be converted into the Merger Consideration.

SECTION 1.9. Stock Options; Payment Rights. (a) At the Effective Time, Paramount's obligations with respect to each outstanding Stock Option (as defined in Section 3.3) to purchase shares of Paramount Common Stock, as amended in the manner described in the following sentence, shall be assumed by Viacom. The Stock Options so assumed by Viacom shall continue to have, and be subject to, the same terms and conditions as set forth in the stock option plans and agreements pursuant to which such Stock Options were issued as in effect immediately prior to the Effective Time, except that each such Stock Option shall be exercisable for (i) that number of whole shares of Viacom Class B Common Stock equal to the product of the number of shares of Paramount Common Stock covered by such Stock Option immediately

prior to the Effective Time multiplied by the Class B Exchange Ratio and rounded up to the nearest whole number of shares of Viacom Class B Common Stock, (ii) that number of whole shares of Viacom Merger Preferred Stock equal to the product of the number of shares of Paramount Common Stock covered by such Stock Option immediately prior to the Effective Time multiplied by the Preferred Stock Exchange Ratio and rounded up to the nearest whole number of shares of Viacom Merger Preferred Stock (iii) that number of whole CVRs equal to the product of the number of shares of Paramount Common Stock covered by such Stock Option immediately prior to the Effective Time multiplied by the CVR Exchange Ratio and rounded up to the nearest whole number of CVRs; provided, that, if the option holder has not exercised his
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or her Stock Option prior to the maturity of the CVRs, then the CVRs described above shall be replaced by that number of shares of Viacom Class B Common Stock equal in value to the amount by which the Target Price (as defined in Annex C hereto) exceeds the greater of the Current Market Value (as defined in Annex C hereto) and the Minimum Price (as defined in Annex C hereto) on the applicable maturity date multiplied by the number of such CVRs, rounded up to the nearest whole number of shares and (iv) that number of whole Warrants equal to the product of the number of shares of Paramount Common Stock covered by such Stock Option immediately prior to the Effective Time multiplied by the Warrant Exchange Ratio and rounded up to the nearest whole number of Warrants; provided, further that, if the option holder has not
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exercised his or her Stock Option prior to the third anniversary of the Effective Time, then the Warrants described above shall be replaced by that number of shares of Viacom Class B Common Stock equal in value to the fair market value of such Warrants (as determined by reference to the average trading price for the five-day trading period immediately prior to the third anniversary of the Effective Date, if available, or, if not available, in the reasonable judgment of the Viacom Board of Directors), rounded up to the nearest whole number of shares; provided that there shall be no such rounding up with respect to
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Incentive Stock Options (as defined below). Viacom shall (i) reserve for issuance the number of shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, CVRs and Warrants that will become issuable upon the exercise of such Stock Options pursuant to this Section 1.9 and (ii) promptly after the Effective Time, issue to each holder of an outstanding Stock Option a document evidencing the assumption by Viacom of Paramount's obligations with respect thereto under this Section 1.9. Nothing in this Section 1.9 shall affect the schedule of vesting with respect to the Stock Options to be assumed by Viacom as provided in this Section 1.9. In the case of any Stock Option to which Section 421 of the Code applies by reason of its qualification under Section 422 of the Code (an "Incentive Stock
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Option"), the option price, the number and type of shares
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purchasable pursuant to such Incentive Stock Option and the terms and conditions of exercise of such Incentive Stock Option shall be determined immediately after the Effective Time in such manner as to comply with Section 424(a) of the Code. To preserve the

qualification of all Incentive Stock Options under Section 422 of the Code, (i) in addition to the Viacom Class B Common Stock and (ii) in lieu of all shares of Viacom Merger Preferred Stock, CVRs or Warrants for which an Incentive Stock Option would otherwise become exercisable pursuant to the foregoing provisions of this Section 1.9, such Incentive Stock Option shall become exercisable for that number of shares of Viacom Class B Common Stock equal to the fair market value of such shares of Viacom Merger Preferred Stock, CVRs or Warrants (determined, at the time of the Merger, by reference to a five-day average trading price of such securities, if available, or if not available, in the reasonable judgment of the Viacom Board of Directors).

SECTION 1.10. Dissenting Shares. (a) Notwithstanding any other provision of this Agreement to the contrary, shares of Paramount Common 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 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 Paramount Common Stock held by them in accordance with the provisions of such Section 262, except that all Dissenting Shares held by stockholders who shall have failed to perfect or who effectively shall have withdrawn or lost their rights to appraisal of such shares of Paramount Common Stock under such Section 262 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 (as if such Shares were Non-Election Shares in the case of a Merger to which section 1.6(b) applies), upon surrender, in the manner provided in Section 1.7, of the certificate or certificates that formerly evidenced such shares of Paramount Common Stock.

(b) Paramount shall give Viacom (i) prompt notice of any demands for appraisal received by Paramount, withdrawals of such demands, and any other instruments served pursuant to Delaware Law and received by Paramount and (ii) the opportunity to direct all negotiations and proceedings with respect to demands for appraisal under Delaware Law. Paramount shall not, except with the prior written consent of Viacom, make any payment with respect to any demands for appraisal, or offer to settle, or settle, any such demands.

ARTICLE II

THE OFFER

SECTION 2.1. The Offer. (a) Viacom has amended and supplemented the Offer to (a) provide that the purchase price offered for shares pursuant to the Offer shall be the Per Share Amount, (b) provide that the obligation of Viacom to accept for payment and pay for Shares tendered pursuant to the Offer shall be subject to the condition (as such condition may be amended in accordance with the terms hereof, the "Minimum Condition") that at least 61,657,432 shares of Paramount Common Stock (or such greater number of shares as equals 50.1% of the shares of Paramount Common Stock then outstanding on a fully diluted basis) shall have been validly tendered and not withdrawn prior to the expiration of the Offer, that the Board of Directors of Paramount, in accordance with Section 3.13 of this Agreement, shall have amended the Rights Agreement to make the Rights (such terms being used as defined in Section 3.13) inapplicable to the Offer and the Merger as contemplated by Section 3.13 or the Rights shall be otherwise inapplicable to the Offer and the Merger (the "Rights Condition"), and also shall be subject to the satisfaction of the other conditions set forth in Annex A hereto and (c) extend the expiration date of the Offer until Midnight on the tenth business day following the date of the amendment to the Offer referred to above. Viacom expressly reserves the right to waive any such condition (other than the Minimum Condition), to increase the aggregate cash consideration to be paid pursuant to the Offer and to increase the number of shares of Paramount Common Stock sought in the Offer; provided, however, that no change may be made without the prior written consent of Paramount which decreases the number of shares of Paramount Common Stock sought in the Offer below 50.1% of the outstanding shares of Common Stock on a fully diluted basis; which decreases the aggregate cash consideration payable in the Offer or changes the form of consideration payable in the Offer (except to the extent the Other Offeror (as defined below) has made such changes with the consent of Paramount); or which imposes conditions to the Offer in addition to those set forth in Annex A hereto. Notwithstanding the foregoing sentence, so long as the Other Offeror is bound by substantially identical restrictions made for the benefit of Paramount, Viacom shall not amend the Offer in order to increase by less than $60 million the aggregate cash consideration to be paid pursuant to the Offer or increase the number of shares of Paramount Common Stock for which tenders are sought by less than 2% of the outstanding shares of Paramount Common Stock. The Per Share Amount shall, subject to applicable withholding of taxes, be net to the seller in cash, upon the terms and subject to the conditions of the Offer. Subject to the terms and conditions of the Offer (including, without limitation, the Minimum Condition and the terms of this Agreement), Viacom shall pay, as promptly as practicable after expiration of the Offer, for all shares of Paramount Common Stock validly tendered and not withdrawn at the earliest such time following expiration

of the Offer that all conditions to the Offer shall have been waived or satisfied by Viacom.

(b) Viacom has filed with the Securities and Exchange Commission (the "SEC") an amendment to its Tender Offer Statement on Schedule 14D-1 (together with all amendments and supplements thereto, the "Schedule 14D-1") with respect to the Offer. The Schedule 14D-1 contains or incorporates by reference an amendment and supplement to the offer to purchase (the "Offer to Purchase") and forms of the related letter of transmittal and any related summary advertisement (the Schedule 14D-1, the Offer to Purchase and such other documents, together with all supplements and amendments thereto, being referred to herein collectively as the "Offer Documents"). Viacom and Paramount agree to correct promptly any information provided by any of them for use in the Offer Documents which shall have become false or misleading, and Viacom further agrees to take all steps necessary to cause the Schedule 14D-1 as so corrected to be filed with the SEC and the other Offer Documents as so corrected to be disseminated to holders of shares of Paramount Common Stock, in each case as and to the extent required by applicable federal securities laws.

(c) (i) Notwithstanding the amendment of the Offer, Viacom shall be free to terminate the Offer at any time subject to its continuing obligations to consummate the Merger, including without limitation pursuant to Sections 6.6 and 6.10, provided that prior to such termination of the Offer, Viacom shall have determined in good faith that either (x) terminating the Offer will facilitate the earlier consummation of the Merger in accordance with the terms of this Merger Agreement or (y) the conditions to the Offer (other than the Minimum Condition and the Rights Condition) are unlikely to be satisfied. Notwithstanding the foregoing, Viacom hereby agrees that, without the written consent of Paramount, it may not terminate the Offer unless required to terminate pursuant to Section 2.5 hereof or extend the Expiration Date except for failure to satisfy a condition at the Expiration Date, at any time that all of the conditions to the Offer have been satisfied or that there exists no material risk that the conditions will not be satisfied by such Expiration Date, provided, Viacom may extend the Expiration Date pursuant to this Section 2.1(c), Sections 2.1(a), 2.1(d) and 2.3 hereof or any such extension required by Federal securities laws.

(ii) No extension of the expiration date (such expiration date as extended from time to time shall be defined herein to mean the "Expiration Date") permitted pursuant to this Agreement shall be for a period of less than three business days and the Expiration Date shall not be extended for any reason beyond 12:00 midnight on February 14, 1994, or such later date in accordance with the last parenthetical of the last sentence of Section 2.1(d)(ii), Section 2.3, or as required by law to the extent that the extension arises due to an event other than a change in the terms of the Offer (the "Final Expiration Date"); Viacom agrees that it will not increase the price per share of

Paramount Common Stock payable in the Offer or otherwise amend the Offer primarily to extend the expiration date of the tender offer by QVC Network, Inc. ("QVC") (the "Other Offeror") to purchase the outstanding shares of Paramount Common Stock (the "Other Offer").

(d) In order to cause the Offer and the Other Offer to remain on the same time schedule, Viacom hereby agrees that if the Other Offeror remains subject to an agreement (the "Other Exemption Agreement"), containing terms for the benefit of Paramount substantially similar to the form of exemption agreement between Viacom and Paramount dated as of December 22, 1993 (the "Exemption Agreement"), and (i) extends the expiration date of the Other Offer (such expiration date, as extended from time to time, the "Other Expiration Date") in accordance with the Other Exemption Agreement, then the Expiration Date shall be extended (as soon as practicable, but not later than one business day following the announcement of the extension of the Other Expiration Date) by Viacom to the Other Expiration Date, or (ii) if upon notification to Paramount by the Offeror and the Other Offeror of the results of their respective offers (which notification shall be required to be delivered by the Offeror and the Other Offeror no later than promptly following the expiration of their respective offers), Paramount has notified the Offeror and the Other Offeror (which notification shall be required to be delivered by Paramount promptly) that a number of shares of Paramount Common Stock that would satisfy the Minimum Condition or the minimum condition defined in the Other Offer (which under no circumstances may be less than 50.1% of the outstanding shares of Paramount Common Stock on a fully diluted basis) (the "Other Minimum Condition") shall not have been validly tendered (and not withdrawn) pursuant to either the Offer or the Other Offer, respectively, at the Expiration Date (or a number of shares of Paramount Common Stock that would satisfy the Minimum Condition and the Other Minimum Condition shall have been validly tendered and not withdrawn pursuant to both the Offer and the Other Offer at the Expiration Date), then Viacom shall extend the Expiration Date of the Offer for a period of 10 business days.

(e) Viacom shall be subject to the obligations of Sections 2.1(c)(ii), 2.1(d) and 2.5 for so long as the Other Offeror remains subject to the obligations set forth in the Other Exemption Agreement; provided, however, that Viacom shall not be subject to Sections 2.1(c)(ii), 2.1(d) and 2.5 in the event that the Other Offeror has not performed or complied in all material respects with the Other Exemption Agreement.

SECTION 2.2. Action by Paramount. (a) Paramount hereby approves of and consents to the making of the Offer and represents that (i) the Board of Directors of Paramount, at a meeting duly called and held on January 21, 1994, has unanimously (A) determined that the Offer and the Merger, taken together, are fair to and in the best interests of the holders of shares of Paramount Common Stock, (B) approved and adopted this Agreement

and the transactions contemplated hereby and (C) recommended that the stockholders of Paramount approve and adopt this Agreement and the transactions contemplated hereby and accept the Offer, and (ii) Lazard Freres & Co. has delivered to the Board an opinion on January 21, 1994, to the effect that, as of such date, the consideration to be received by the holders of shares of Paramount Common Stock pursuant to the Offer and the Merger, taken together, is fair to the holders of shares of Paramount Common Stock from a financial point of view. Subject to the fiduciary duties of the Board of Directors of Paramount under applicable law as advised by independent legal counsel (who may be such party's regularly engaged legal counsel), Paramount hereby consents to the inclusion in the Offer Documents prepared in connection with the Offer of the recommendation of the Board of Directors of Paramount described in the immediately preceding sentence.

(b) As soon as reasonably practicable after the date hereof, Paramount shall file with the SEC an amendment to its Solicitation/Recommendation Statement on Schedule 14D-9 (together with all amendments and supplements thereto, the "Schedule 14D-9") containing, subject to the fiduciary duties of the Board of Directors of Paramount under applicable law as advised by independent legal counsel (who may be such party's regularly engaged legal counsel), the recommendation of the Board of Directors of Paramount described in Section 2.2(a) and shall disseminate the Schedule 14D-9 to the extent required by Rule 14e-2 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any other applicable federal securities laws. Paramount and Viacom agree to correct promptly any information provided by any of them for use in the Schedule 14D-9 which shall have become false or misleading, and Paramount further agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and disseminated to holders of shares of Paramount Common Stock, in each case as and to the extent required by applicable federal securities laws.

(c) Paramount shall promptly furnish Viacom with mailing labels containing the names and addresses of all record holders of shares of Paramount Common Stock and with security position listings of shares of Paramount Common Stock held in stock depositories, each as of a recent date, together with all other available listings and computer files containing names, addresses and security position listings of record holders and beneficial owners of shares of Paramount Common Stock. Paramount shall furnish Viacom with such additional information, including, without limitation, updated listings and computer files of stockholders, mailing labels and security position listings, and such other assistance as Viacom or its agents may reasonably request. Subject to the requirements of applicable law, and except for such steps as are necessary to disseminate the Offer Documents and any other documents necessary to consummate the Merger or the Offer, Viacom shall hold in confidence the information contained in such labels, listings and files, shall

use such information only in connection with the Merger and the Offer, and, if this Agreement shall be terminated in accordance with Section 8.1, shall deliver to Paramount all copies of such information then in its possession.

SECTION 2.3. Receipt of Common Stock. Unless the event referred to in the last parenthetical of Section 2.1(d)(ii) that would satisfy the Minimum Condition occurs, in the event that a number of shares of Paramount Common Stock shall have been validly tendered and not withdrawn in the Offer at the Expiration Date and, as of such Expiration Date, Viacom has waived all conditions to the Offer (other than the Minimum Condition and the conditions relating to the Rights Agreement, Article XI of the Paramount Certificate of Incorporation, Section 203 of Delaware Law and judicial or governmental injunction, each as set forth therein), then Viacom shall extend the Expiration Date to a date 10 business days from the then scheduled Expiration Date; provided, that such extension shall be for a period of 5 business days in the event that the Other Offer has been terminated prior to the foregoing Expiration Date.

SECTION 2.4. Completion Certificate. At such time as Viacom has fulfilled the terms of Section 2.3 above, Viacom shall deliver to the Board of Directors of Paramount a certificate (the "Completion Certificate"), executed by an authorized officer of Viacom, certifying that all the terms of Section 2.3 have been fulfilled.

SECTION 2.5. Termination of the Offer. Unless the event referred to in the last parenthetical of the last sentence of Section 2.1(d)(ii) occurs, Viacom hereby agrees to terminate the Offer at such time as Viacom has been notified pursuant to a certificate executed by an authorized officer of Paramount that (i) a number of shares of Paramount Common Stock that would satisfy the Other Minimum Condition shall have been validly tendered to the Other Offer and not withdrawn at the Other Expiration Date of the Other Offer, (ii) all conditions to the Other Offer, except the Other Minimum Condition and the conditions relating to the Rights Agreement, Article XI of the Paramount Certificate of Incorporation, Section 203 of the Delaware Law and judicial or governmental injunction, each as set forth therein, shall have been waived and (iii) a completion certificate from the Other Offeror has been delivered to Paramount; provided, however, that Viacom shall not be required to terminate the Offer in the event that the Other Offeror has not performed or complied in all material respects with the Other Exemption Agreement.

SECTION 2.6. Board of Directors; Section 14(f). (a) If requested by Viacom, Paramount shall, promptly following the acceptance for payment of the shares of Paramount Common Stock to be purchased pursuant to the Offer, and from time to time thereafter, take all actions necessary to cause a majority of directors (and of members of each committee of the Board of

Directors) of Paramount and of each subsidiary of Paramount designated by Viacom (whether, at the request of Viacom, by means of increasing the size of the Board of Directors of Paramount or seeking the resignation of directors and causing Viacom's designees to elected); provided; that prior to receipt by Viacom
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of long-form approval by the Federal Communications Commission (the "FCC") permitting Viacom to control Paramount, Paramount shall take all actions necessary to elect the Viacom voting trustee approved by the FCC to the Paramount Board of Directors and to otherwise act in a manner consistent with the voting trust agreement approved by the FCC.

(b) Paramount's obligations to cause designees of Viacom to be elected or appointed to the Board of Directors of Paramount shall be subject to Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder. Paramount 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 Viacom and its officers and directors as is required under Section 14(f) and Rule 14f-1. Viacom will supply to Paramount any information with respect to it and its nominees, officers, directors and affiliates required by Section 14(f) and Rule 14f-1.

(c) Following the election or appointment of Viacom's designees pursuant to this Section and prior to the Effective Time, any amendment or termination of this Agreement, extension for the performance or waiver of the obligations or other acts of Viacom or waiver of Paramount's rights hereunder, will require the concurrence of a majority of directors of Paramount then in office who are directors on the date hereof or are designated by a majority of the directors of Paramount who are directors on the date hereof.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PARAMOUNT

Paramount hereby represents and warrants to Viacom that:

SECTION 3.1. Organization and Qualification; Subsidiaries. (a) Each of Paramount and each Material Paramount Subsidiary (as defined below) is a corporation, partnership or other legal entity duly 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 Paramount Material Adverse Effect (as defined below). Paramount and each Material Paramount Subsidiary is duly qualified or licensed as a foreign corporation to do 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 Paramount Material Adverse Effect. The term "Paramount Material Adverse Effect" means any change or effect that is or is reasonably likely to be materially adverse to the business, results of operations or financial condition of Paramount and the Paramount Subsidiaries, taken as a whole; provided, however, where such term qualifies a representation or warranty contained in this Article III during the period beginning after the date hereof and until the Effective Time, then such term shall mean any change or effect that is or is reasonably likely to be materially adverse to the business or financial condition of Paramount and the Paramount Subsidiaries, taken as a whole.

(b) Each subsidiary of Paramount (a "Paramount Subsidiary") that constitutes a Significant Subsidiary of Paramount within the meaning of Rule 1-02 of Regulation S-X of the SEC is referred to herein as a "Material Paramount Subsidiary".

SECTION 3.2. Certificate of Incorporation and By-Laws. Paramount has heretofore made available to Viacom a complete and correct copy of the Certificate of Incorporation and the By-Laws or equivalent organizational documents, each as amended to date, of Paramount and each Material Paramount Subsidiary. Such Certificates of Incorporation, By-Laws and equivalent organizational documents are in full force and effect. Neither Paramount nor any Material Paramount Subsidiary is in violation of any provision of its Certificate of Incorporation, By-Laws or equivalent organizational documents, except for such violations that would not, individually or in the aggregate, have a Paramount Material Adverse Effect.

SECTION 3.3. Capitalization. The authorized capital stock of Paramount consists of 600,000,000 shares of Paramount Common Stock and 75,000,000 shares of Preferred Stock, par value $.01 per share ("Paramount Preferred Stock"). As of January 19, 1994, 121,865,001 shares of Paramount Common Stock were issued and outstanding, all of which were validly issued, fully paid and nonassessable. As of January 20, 1993, 25,990,047 shares were held in the treasury of Paramount. As of December 31, 1993, 9,377,108 shares were reserved for future issuance pursuant to Paramount's 1992 Stock Option Plan, 1989 Stock Option Plan and 1984 Stock Option Plan (any employee stock option issued under any such plan being a "Stock Option") and reserved for future issuance under the Long-Term Incentive Plan. Between August 31, 1993 and the date of this Agreement, awards have been made under the Long-Term Performance Plan as indicated on Schedule 3.3. As

of January 19, 1994, options to acquire 2,581,763 shares of Paramount Common Stock were outstanding. As of the date hereof, no shares of Paramount Preferred Stock are issued and outstanding. Except as set forth in Section 3.3 of the Disclosure Schedule previously delivered by Paramount to Viacom (the "Paramount Disclosure Schedule"), or except as set forth in this Section 3.3, and except pursuant to the Rights Agreement (as defined in Section 3.13), there are no options, warrants or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued capital stock of Paramount or any Material Paramount Subsidiary or obligating Paramount or any Material Paramount Subsidiary to issue or sell any shares of capital stock of, or other equity interests in, Paramount or any Material Paramount Subsidiary. All shares of Paramount 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 3.3 of the Paramount Disclosure Schedule, there are no material outstanding contractual obligations of Paramount or any Paramount Subsidiary to repurchase, redeem or otherwise acquire any shares of Paramount Common Stock or any capital stock of any Material Paramount Subsidiary, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any Paramount Subsidiary or any other person. Each outstanding share of capital stock of each Material Paramount Subsidiary is duly authorized, validly issued, fully paid and nonassessable and each such share owned by Paramount or another Paramount Subsidiary is free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on Paramount's or such other Paramount Subsidiary's voting rights, charges and other encumbrances of any nature whatsoever. Set forth in Section 3.3 of the Disclosure Schedule is Paramount's percentage interest in the outstanding capital stock or partnership interests of USA Networks, United Cinemas International Multiplex B.V., United International Pictures and Cinamerica Theatres, L.P.

SECTION 3.4. Authority Relative to This Agreement.

Paramount has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions (including, without limitation, the Offer) contemplated hereby (the "Transactions"). The execution and delivery of this Agreement by Paramount and the consummation by Paramount of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Paramount are necessary to authorize this Agreement or to consummate the transactions contemplated hereby (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 Paramount Common Stock, 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 Paramount and, assuming the due authorization, execution and delivery by Viacom, constitutes a legal, valid and binding obligation of Paramount, enforceable against Paramount in accordance with its terms. Paramount has taken all appropriate actions so that the restrictions on business combinations contained in Section 203 of Delaware Law and Article XI of Paramount's Certificate of Incorporation will not apply with respect to or as a result of the Transactions.

SECTION 3.5. No Conflict; Required Filings and Consents. (a) Except as set forth in Section 3.05 of the Disclosure Schedule, the execution and delivery of this Agreement by Paramount does not, and the performance by Paramount of its obligations under this Agreement will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws or equivalent organizational documents of Paramount or any Material Paramount Subsidiary, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Paramount or any Paramount Subsidiary or by which any property or asset of Paramount or any Paramount 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 or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of Paramount or any Paramount Subsidiary pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Paramount or any Paramount Subsidiary is a party or by which Paramount or any Paramount Subsidiary or any property or asset of Paramount or any Paramount 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 or the Offer in any material respect, or otherwise prevent Paramount from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Paramount Material Adverse Effect.

(b) The execution and delivery of this Agreement by Paramount does not, and the performance of this Agreement by Paramount 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 Exchange Act, the Securities Act of 1933, as amended (the "Securities Act"), state securities or "blue sky" laws ("Blue Sky Laws") and state takeover laws, (B) applicable requirements of the Communications Act of 1934, as amended (the "Communications Act"), and of state and local governmental authorities, including state and local authorities granting franchises to operate cable systems, (C) applicable requirements of the Investment Canada Act of 1985 and the

Competition Act (Canada), (D) filing and recordation of appropriate merger documents as required by Delaware Law and (E) any non-United States competition, antitrust and investment laws 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 or the Offer in any material respect, or otherwise prevent Paramount from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Paramount Material Adverse Effect.

SECTION 3.6. Compliance. Except as set forth in Section 3.6 of the Paramount Disclosure Schedule, neither Paramount nor any Paramount Subsidiary is in conflict with, or in default or violation of, (i) any law, rule, regulation, order, judgment or decree applicable to Paramount or any Paramount Subsidiary or by which any property or asset of Paramount or any Paramount 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 Paramount or any Paramount Subsidiary is a party or by which Paramount or any Paramount Subsidiary or any property or asset of Paramount or any Paramount Subsidiary is bound or affected, except for any such conflicts, defaults or violations that would not, individually or in the aggregate, have a Paramount Material Adverse Effect.

SECTION 3.7. SEC Filings; Financial Statements. Except as set forth in Section 3.7 of the Paramount Disclosure Schedule, (a) Paramount has filed all forms, reports and documents required to be filed by it with the SEC since October 31, 1990, and has heretofore made available to Viacom, in the form filed with the SEC (excluding any exhibits thereto), (i) its Annual Reports on Form 10-K for the fiscal years ended October 31, 1990, 1991 and 1992, respectively, (ii) its Transition Report on Form 10-K for the six months ended April 30, 1993, as amended, (iii) its Quarterly Reports on Form 10-Q for the periods ended July 31, 1993 and October 31, 1993, (iv) all proxy statements relating to Paramount's meetings of stockholders (whether annual or special) held since October 31, 1990, and (v) 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 Paramount with the SEC since October 31, 1990 (the forms, reports and other documents referred to in clauses (i), (ii), (iii), (iv) and (v) above being referred to herein, collectively, as the "Paramount SEC Reports"). The Paramount SEC Reports and any forms, reports and other documents filed by Paramount 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. No Paramount 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 Paramount 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 financial position, results of operations and cash flows of Paramount and the consolidated Paramount 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).

(c) Except as set forth in Section 3.7 of the Paramount Disclosure Schedule or except as and to the extent set forth in the Paramount SEC Reports filed with the SEC prior to the date of this Agreement, Paramount and the Paramount 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 Paramount Material Adverse Effect.

SECTION 3.8. Absence of Certain Changes or Events.

Since April 30, 1993, except as contemplated by this Agreement or as set forth in Section 3.8 of the Paramount Disclosure Schedule, contemplated by this Agreement or disclosed in any Paramount SEC Report filed since April 30, 1993 and prior to the date of this Agreement, Paramount and the Paramount Subsidiaries have conducted their businesses only in the ordinary course and in a manner consistent with past practice and, since April 30, 1993, there has not been (i) as of the date hereof, any change, occurrence or circumstance in the business, results of operations or financial condition of Paramount or any Paramount Subsidiary having, individually or in the aggregate, a Paramount Material Adverse Effect, (ii) any damage, destruction or loss (whether or not covered by insurance) with respect to any property or asset of Paramount or any Paramount Subsidiary and having, individually or in the aggregate, a Paramount Material Adverse Effect, (iii) any change by Paramount in its accounting methods, principles or practices, (iv) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of Paramount or any Paramount Subsidiary or any redemption, purchase or other acquisition of any of their respective securities other than regular quarterly dividends on the shares of Paramount Common Stock not in excess of $.20 per share and dividends by a Paramount Subsidiary to Paramount and other than to fund pre-established Paramount Plans and dividend reinvestment plans, or (v) other than as set forth in Section 3.3 and pursuant to the

plans, programs or arrangements referred to in Section 3.10 and other than in the ordinary course of business consistent with past practice, any increase in or establishment of any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted stock awards), stock purchase or other employee benefit plan, or any other increase in the compensation payable or to become payable to any officers or key employees of Paramount or any Paramount Subsidiary.

SECTION 3.9. Absence of Litigation. Except as set forth in Section 3.9 of the Paramount Disclosure Schedule or except as disclosed in the Paramount SEC Reports filed with the SEC prior to the date of this Agreement, there is no claim, action, proceeding or investigation pending or, to the best knowledge of Paramount, threatened against Paramount or any Paramount Subsidiary, or any property or asset of Paramount or any Paramount Subsidiary, before any court, arbitrator or administrative, governmental or regulatory authority or body, domestic or foreign, which, individually or in the aggregate, is reasonably likely to have a Paramount Material Adverse Effect. Except as disclosed in the Paramount SEC Reports filed with the SEC prior to the date of this Agreement, neither Paramount nor any Paramount Subsidiary nor any property or asset of Paramount or any Paramount Subsidiary is subject to any order, writ, judgment, injunction, decree, determination or award having or reasonably likely to have, individually or in the aggregate, a Paramount Material Adverse Effect.

SECTION 3.10. 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 Paramount or any Paramount Subsidiary (the "Paramount Plans"), except as set forth in Section 3.10 of the Paramount Disclosure Schedule or the Paramount SEC Reports and except as would not, individually or in the aggregate, have a Paramount Material Adverse Effect: (i) each Paramount 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 Paramount Plan; (ii) each Paramount Plan has been operated in all respects in accordance with its terms and the requirements of applicable law; (iii) neither Paramount nor any Paramount Subsidiary has incurred any direct or indirect liability under, arising out of or by operation of Title IV of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), in connection with the termination of, or withdrawal from, any Paramount 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; and (iv) Paramount and the Paramount 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. Except as set forth in Section 3.10 of the Paramount Disclosure Schedule or the Paramount SEC Reports, the aggregate accumulated benefit obligations of each Paramount Plan subject to Title IV of ERISA (as of the date of the most recent actuarial valuation prepared for such Paramount Plan) do not exceed the fair market value of the assets of such Paramount Plan (as of the date of such valuation).

SECTION 3.11. Trademarks, Patents and Copyrights.

Paramount and the Paramount Subsidiaries own or possess adequate licenses or other valid rights to use all material patents, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, service marks, trade secrets, applications for trademarks and for service marks, know-how and other proprietary rights and information used or held for use in connection with the business of Paramount and the Paramount Subsidiaries as currently conducted or as contemplated to be conducted, and Paramount is unaware of any assertion or claim challenging the validity of any of the foregoing which, individually or in the aggregate, would have a Paramount Material Adverse Effect. The conduct of the business of Paramount and the Paramount Subsidiaries as currently conducted does not conflict in any way with any patent, patent right, license, trademark, trademark right, trade name, trade name right, service mark or copyright of any third party that, individually or in the aggregate, would have a Paramount Material Adverse Effect. To the best knowledge of Paramount, there are no infringements of any proprietary rights owned by or licensed by or to Paramount or any Paramount Subsidiary which, individually or in the aggregate, would have a Paramount Material Adverse Effect.

SECTION 3.12. Taxes. Paramount and the Paramount Subsidiaries have timely filed all federal, state, local and foreign tax returns and reports required to be filed by them through the date hereof and shall timely file all returns and reports required on or before the Effective Time, except for such returns and reports the failure of which to file timely would not, individually or in the aggregate, have a Paramount Material Adverse Effect. Such reports and returns are and will be true, correct and complete, except for such failure to be true, correct and complete as would not, individually or in the aggregate, have a Paramount Material Adverse Effect. Paramount and the Paramount Subsidiaries have paid and discharged all federal, state, local and foreign taxes due from them, other than such taxes that are being contested in good faith by appropriate proceedings and are adequately reserved as shown in the audited consolidated balance sheet of Paramount dated October 31, 1992 (the "Paramount 1992 Balance Sheet") and its most recent quarterly financial statements, except for such failures to so pay and discharge which would not, individually or in the aggregate, have a Paramount Material Adverse Effect. Neither the IRS nor any other taxing authority or agency, domestic or foreign, is now asserting

or, to the best knowledge of Paramount, threatening to assert against Paramount or any Paramount Subsidiary any deficiency or material claim for additional taxes or interest thereon or penalties in connection therewith which, if such deficiencies or claims were finally resolved against Paramount and the Paramount Subsidiaries would, individually or in the aggregate, have a Paramount Material Adverse Effect. The accruals and reserves for taxes (including interest and penalties, if any, thereon) reflected in the Paramount 1992 Balance Sheet and the most recent quarterly financial statements are adequate in accordance with generally accepted accounting principles, except where the failure to be adequate would not have a Paramount Material Adverse Effect. Paramount and the Paramount Subsidiaries have withheld or collected and paid over to the appropriate governmental authorities or are properly holding for such payment all taxes required by law to be withheld or collected, except for such failures to have so withheld or collected and paid over or to be so holding for payment which would not, individually or in the aggregate, have a Paramount Material Adverse Effect. There are no material liens for taxes upon the assets of Paramount or the Paramount Subsidiaries, other than liens for current taxes not yet due and payable and liens for taxes that are being contested in good faith by appropriate proceedings. Neither Paramount nor any Paramount Subsidiary has agreed to or is required to make any adjustment under Section 481(a) of the Code. Neither Paramount nor any Paramount Subsidiary has made an election under Section 341(f) of the Code. For purposes of this Section 3.12, where a determination of whether a failure by Paramount or a Paramount Subsidiary to comply with the representations herein has a Paramount Material Adverse Effect is necessary, such determination shall be made on an aggregate basis with all other failures within this Section 3.12.

SECTION 3.13. Amendment to Rights Agreement. (a) The
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Board of Directors of Paramount has taken all necessary action to amend the Rights Agreement, dated as of September 7, 1988, as amended, between Paramount and Manufacturers Hanover Trust Company, as Rights Agent (the "Rights Agreement") so that (i)
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none of the execution or delivery of this Agreement, the exchange of the shares of Paramount Common Stock for the shares of Viacom Common Stock, Viacom Merger Preferred Shares and cash in accordance with Article II or the making of the Offer will cause (A) the rights (the "Rights") issued pursuant to the Rights
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Agreement to become exercisable under the Rights Agreement, (B) Viacom or any of the Viacom Subsidiaries to be deemed an "Acquiring Person" (as defined in the Rights Agreement), or (C) the "Stock Acquisition Date" (as defined in the Rights Agreement) to occur upon any such event and (ii) the "Expiration Date" (as defined in the Rights Agreement) of the Rights shall occur immediately prior to the Effective Time. Paramount agrees to take all necessary action to amend the Rights Agreement so that the consummation of the Offer, on the terms permitted hereunder, will not cause any of the effects referred to in Section 3.13 (a)(i)(A), (B) or (C) to occur; provided, however, that Paramount
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shall not be required to make such amendments to the Rights Agreement if (i) Viacom has not performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the consummation of the Offer or (ii) Paramount obtains and there is in force from the Delaware Court of Chancery an order permanently, preliminarily or temporarily declaring that the making of such amendments to the Rights Agreement would be contrary to the fiduciary duties of the Board of Directors of Paramount. Notwithstanding anything else contained herein, in no event shall the Board of Directors of Paramount make an amendment of the Rights Agreement in favor of the Other Offeror or any other person without making such amendments in favor of Viacom; provided that Paramount will not be obligated to make such amendments for Viacom if Viacom has become obligated to terminate its Offer pursuant to Section 2.5 of this Agreement.

(b) The "Distribution Date" (as defined in the Rights Agreement) has not occurred.

SECTION 3.14. Opinion of Financial Advisor. Paramount has received the opinion of Lazard Freres & Co., dated January 21, 1994, to the effect that, as of such date, the consideration to be received by the stockholders of Paramount pursuant to the offer and the Merger, taken together, is fair to such stockholders from a financial point of view, a copy of which opinion will be delivered to Viacom promptly upon receipt.

SECTION 3.15. Vote Required. The affirmative vote of the holders of a majority of the outstanding shares of Paramount Common Stock is the only vote of the holders of any class or series of Paramount capital stock necessary to approve the Merger.

SECTION 3.16. 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 Transactions based upon arrangements made by or on behalf of Paramount. Paramount has heretofore furnished to Viacom a complete and correct copy of all agreements between Paramount and Lazard Freres & Co. pursuant to which such firm would be entitled to any payment relating to the Transactions.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF VIACOM

Viacom hereby represents and warrants to Paramount that:

SECTION 4.1. Organization and Qualification; Subsidiaries. (a) Each of Viacom and each Material Viacom Subsidiary (as defined below) is a corporation, partnership or

other legal entity duly 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 Viacom Material Adverse Effect (as defined below). Viacom and each Material Viacom Subsidiary is duly qualified or licensed as a foreign corporation to do 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 Viacom Material Adverse Effect. The term "Viacom Material Adverse Effect" means any change or effect that is or is reasonably likely to be materially adverse to the business, results of operations or financial condition of Viacom and the Viacom Subsidiaries, taken as a whole; provided, however, where such term qualifies a representation or warranty contained in this Article IV during the period beginning after the date hereof and until the Effective Time, then such term shall mean any change or effect that is or is reasonably likely to be materially adverse to the business or financial condition of Viacom and the Viacom Subsidiaries, taken as a whole.

(b) Each subsidiary of Viacom (a "Viacom Subsidiary") that constitutes a Significant subsidiary of Viacom within the meaning of Rule 1-02 of Regulation S-X of the SEC is referred to herein as a "Material Viacom Subsidiary".

SECTION 4.2. Certificate of Incorporation and By-Laws. Viacom has heretofore made available to Paramount a complete and correct copy of the Certificate of Incorporation and the By-Laws or equivalent organizational documents, each as amended to date, of Viacom and each Material Viacom Subsidiary. Such Certificates of Incorporation, By-Laws and equivalent organizational documents are in full force and effect. Neither Viacom nor any Material Viacom Subsidiary is in violation of any provision of its Certificate of Incorporation, By-Laws or equivalent organizational documents, except for such violations that would not, individually or in the aggregate, have a Viacom Material Adverse Effect.

SECTION 4.3. Capitalization. The authorized capital stock of Viacom consists of 100,000,000 shares of Viacom Class A Common Stock, 150,000,000 shares of Viacom Class B Common Stock and 100,000,000 shares of Preferred Stock, par value $.01 per share ("Viacom Preferred Stock"), of which 24,000,000 shares have been designated Viacom Series A Preferred Stock (the "Viacom Series A Preferred Stock") and 24,000,000 shares have been designated Viacom Series B Preferred Stock (the "Viacom Series B

Preferred Stock"). As of November 30, 1993, (i) 53,449,125 shares of Viacom Class A Common Stock and 67,345,982 shares of Viacom Class B Common Stock were issued and outstanding, all of which were validly issued, fully paid and non-assessable, (ii) no shares were held in the treasury of Viacom, (iii) no shares were held by the Viacom Subsidiaries, and (iv) 224,610 shares of Viacom Class A Common Stock and 3,760,297 shares of Viacom Class B Common Stock were reserved for future issuance pursuant to employee stock options or stock incentive rights granted pursuant to Viacom's 1989 Long-Term Management Incentive Plan and the Viacom Inc. Stock Option Plan for Outside Directors. As of the date hereof, 24,000,000 shares of Viacom Series A Preferred Stock and 24,000,000 shares of Viacom Series B Preferred Stock are issued and outstanding. Except as set forth in this Section 4.3 or as contemplated by this Agreement, there are no options, warrants or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued capital stock of Viacom or any Material Viacom Subsidiary or obligating Viacom or any Material Viacom Subsidiary to issue or sell any shares of capital stock of, or other equity interests in, Viacom or any Material Viacom Subsidiary, except for (i) options granted since November 30, 1993 in the ordinary course consistent with past practice, (ii) the reservation of 17,140,800 shares of Viacom Class B Common Stock for issuance upon conversion of shares of Viacom Series B Preferred Stock, (iii) the reservation of 8,570,400 shares of Viacom Class B Common Stock for issuance upon conversion of shares of Viacom Series A Preferred Stock, (iv) the issuance of any securities in connection with the acquisition of Blockbuster Entertainment Corporation, a Delaware corporation ("Blockbuster") and (v) the reservation of 22,727,273 shares of Viacom Class B Common Stock for issuance upon the consummation of the transactions contemplated by the Subscription Agreement, dated as of January 7, 1994 (the "Blockbuster Subscription Agreement"), between Blockbuster and Viacom. All shares of Viacom Common Stock and VCRs 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 4.3 of the Disclosure Schedule previously delivered by Viacom to Paramount (the "Viacom Disclosure Schedule"), there are no material outstanding contractual obligations of Viacom or any Viacom Subsidiary to repurchase, redeem or otherwise acquire any shares of Viacom Common Stock or any capital stock of any Material Viacom Subsidiary, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any Viacom Subsidiary or any other person, other than the amended and restated subscription agreement dated as of October 21, 1993 between Viacom and Blockbuster, the subscription agreement dated as of October 4, 1993, as amended, between Viacom and NYNEX Corporation and the Blockbuster Subscription Agreement. Each outstanding share of capital stock of each Material Viacom Subsidiary is duly authorized, validly issued, fully paid and nonassessable and each such share owned by Viacom or another Viacom Subsidiary is free and clear of all

security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on Viacom's or such other Viacom Subsidiary's voting rights, charges and other encumbrances of any nature whatsoever. The shares of Viacom Merger Preferred Stock to be issued pursuant to the Merger will be duly and validly authorized by Viacom and, when issued and delivered pursuant to the terms of this Agreement will be duly and validly issued, fully paid and non-assessable, and free of preemptive rights. The shares of Viacom Class B Common Stock initially issuable upon conversion of the Viacom Merger Preferred Stock at the initial conversion price have been duly and validly authorized and reserved for issuance upon such conversion, are free of preemptive rights, and, if and when the Viacom Merger Preferred Stock is converted into shares of Viacom Class B Common Stock in accordance with the terms of the Viacom Merger Preferred Stock, such shares of Viacom Class B Common Stock issued upon such conversion will be duly authorized, validly issued, fully paid and non-assessable, and the holders of outstanding shares of capital stock of Viacom are not entitled to any preemptive or other rights with respect to the Viacom Merger Preferred Stock or the Viacom Class B Common Stock issued upon such conversion. If and when the Warrants are exercised for Viacom Class B Common Stock in accordance with the terms of the Warrants, such shares of Viacom Class B Common Stock issued upon such exercise will be duly authorized, validly issued, fully paid and non-assessable, and the holders of outstanding shares of capital stock of Viacom are not entitled to any preemptive or other rights with respect to the Warrants or the Viacom Class B Common Stock issued upon such exercise. Viacom's 5% Convertible Subordinated Debentures due 2013 (the "Debentures") initially issuable upon exchange of
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the Viacom Merger Preferred Stock for such Debentures, and the Viacom Class B Common Stock initially issuable upon conversion of the Debentures, will be duly authorized and such Viacom Class B Common Stock will be duly reserved for issuance upon such conversion; when the Debentures have been duly executed, authenticated, issued and delivered in exchange for the Viacom Merger Preferred Stock in accordance with the terms of the Viacom Merger Preferred Stock and the Indenture pursuant to which they are issued (the "Indenture") between Viacom and the trustee
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thereunder (the "Trustee"), such Debentures will then constitute
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valid and legal binding obligations of the Company entitled to the benefits provided by the Indenture; and the Debentures will be convertible into Viacom Class B Common Stock in accordance with the terms of the Indenture and the shares of Viacom Class B Common Stock initially issuable upon such conversion, when issued upon such conversion, will be validly issued, fully paid and non-assessable. By the date of issuance of the Viacom Merger Preferred Stock, the Indenture will have been duly authorized by Viacom, duly qualified under the Trust Indenture Act of 1939, and, when duly executed and delivered by Viacom and the Trustee, will constitute a valid and binding instrument of Viacom enforceable in accordance with its terms. Upon their issuance, the Warrants and the CVRs shall each constitute legal, valid and

binding obligations of Viacom enforceable in accordance with their terms.

SECTION 4.4. Authority Relative to This Agreement.

Viacom has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Viacom and the consummation by Viacom of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and the Voting Agreement has been approved by the Viacom Board of Directors for purposes of Section 203 of Delaware Law and no other corporate proceedings on the part of Viacom are necessary to authorize this Agreement or to consummate the transactions contemplated hereby (other than, with respect to the Merger (including the issuance of the Viacom Class B Common Stock, the Viacom Merger Preferred Stock, the CVRs and the Warrants), the approval by the holders of a majority of the then outstanding shares of Viacom Class A Common Stock of (i) this Agreement and the Merger and (ii) to the extent necessary, the amendment to Viacom's certificate of incorporation necessary to increase (x) the shares of authorized Class B Viacom Common Stock to a number not less than the number sufficient to consummate the issuance of Shares of Viacom Common Stock contemplated under this Agreement (including such shares issuable upon the exercise of the Warrants and, if applicable, in connection with the CVRs) and (y) the size of the Board of Directors of Viacom to a number not less than 13 (collectively, the "Viacom Vote Matter"; and the amendments to Viacom's Restated Certificate of Incorporation described in clauses (ii)(x) and (y) above being, collectively, the "Viacom Certificate Amendments"), and the filing and recordation of the foregoing amendment to Viacom's Restated Certificate of Incorporation and appropriate merger documents as required by Delaware Law). This Agreement has been duly and validly executed and delivered by Viacom and, assuming the due authorization, execution and delivery by Paramount, constitutes a legal, valid and binding obligation of Viacom, enforceable against Viacom in accordance with its terms.

SECTION 4.5. No Conflict; Required Filings and Consents. (a) The execution and delivery of this Agreement by Viacom does not, and the performance of the transactions contemplated hereby by Viacom will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws or equivalent organizational documents of Viacom or any Material Viacom Subsidiary, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Viacom or any Viacom Subsidiary or by which any property or asset of Viacom or any Viacom 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 or cancellation of, or result in the creation of a lien or other encumbrance on

any property or asset of Viacom or any Viacom Subsidiary pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Viacom or any Viacom Subsidiary is a party or by which Viacom or any Viacom Subsidiary or any property or asset of Viacom or any Viacom Subsidiary is bound or affected, except in the case of clauses (ii) and (iii) of this Section 4.5, 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 Viacom from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Viacom Material Adverse Effect.

(b) The execution and delivery of this Agreement by Viacom does not, and the performance of this Agreement by Viacom 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, Securities Act, state securities or Blue Sky Laws 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"), (C) applicable requirements of the
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Communications Act, and of state and local governmental authorities, including state and local authorities granting franchises to operate cable systems, (D) applicable requirements of the Investment Canada Act of 1985 and the Competition Act (Canada), (E) filing and recordation of appropriate merger documents and the Viacom Certificate Amendments as required by Delaware Law and (F) any non-United States competition, antitrust and investment laws 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 Viacom from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Viacom Material Adverse Effect.

SECTION 4.6. Compliance. Neither Viacom nor any

Viacom Subsidiary is in conflict with, or in default or violation of, (i) any law, rule, regulation, order, judgment or decree applicable to Viacom or any Viacom Subsidiary or by which any property or asset of Viacom or any Viacom 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 Viacom or any Viacom Subsidiary is a party or by which Viacom or any Viacom Subsidiary or any property or asset of Viacom or any Viacom Subsidiary is bound or affected, except for any such conflicts, defaults or violations that would not, individually or in the aggregate, have a Viacom Material Adverse Effect.

SECTION 4.7. SEC Filings; Financial Statements. (a) Viacom has filed all forms, reports and documents required to be filed by it with the SEC since December 31, 1990, and has heretofore made available to Paramount, 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, 1990, 1991 and 1992, respectively, (ii) its Quarterly Reports on Form 10-Q for the periods ended March 31, 1993, June 30, 1993 and September 30, 1993, (iii) all proxy statements relating to Viacom's meetings of stockholders (whether annual or special) held since January 1, 1991 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 Viacom with the SEC since December 31, 1990 (the forms, reports and other documents referred to in clauses (i), (ii), (iii), and (iv) above being referred to herein, collectively, as the "Viacom SEC Reports"). The Viacom SEC Reports and any other forms, reports and other documents filed by Viacom 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. No Viacom Subsidiary (other than Viacom International Inc., a Delaware corporation ("Viacom International")) 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 Viacom 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 Viacom and the consolidated Viacom 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).

(c) Except as and to the extent set forth in the Viacom SEC Reports filed with the SEC prior to the date of this Agreement, Viacom and the Viacom 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 Viacom Material Adverse Effect.

SECTION 4.8. Absence of Certain Changes or Events.

Since December 31, 1992, except as contemplated by this Agreement, any actions taken by Viacom in order to consummate the acquisition of Blockbuster, or any actions taken by Viacom in order to consummate the transactions contemplated by the Blockbuster Subscription Agreement, as set forth in Section 4.8 of the Viacom Disclosure Schedule or disclosed in any Viacom SEC Report filed since December 31, 1992 and prior to the date of this Agreement, Viacom and the Viacom Subsidiaries have conducted their businesses only in the ordinary course and in a manner consistent with past practice and, since December 31, 1992 there has not been (i) as of the date hereof, any change, occurrence or circumstance in the business, results of operations or financial condition of Viacom or any Viacom Subsidiary having, individually or in the aggregate, a Viacom Material Adverse Effect, (ii) any damage, destruction or loss (whether or not covered by insurance) with respect to any property or asset of Viacom or any Viacom Subsidiary and having, individually or in the aggregate, a Viacom Material Adverse Effect, (iii) any change by Viacom in its accounting methods, principles or practices, (iv) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of Viacom or any Viacom Subsidiary or any redemption, purchase or other acquisition of any of their respective securities other than dividends by a Viacom Subsidiary to Viacom or (v) other than as set forth in Section 4.3 and pursuant to the plans, programs or arrangements referred to in Section 4.10, other than in the ordinary course of business consistent with past practice and other than as contemplated by the Agreement and Plan of Merger, dated as of January 7, 1994 (the "Blockbuster Merger Agreement"), between Blockbuster and Viacom, any increase in or establishment of any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted stock awards), stock purchase or other employee benefit plan, or any other increase in the compensation payable or to become payable to any officers or key employees of Viacom or any Viacom Subsidiary, except for the establishment of the Viacom Inc. Stock Option Plan for Outside Directors and the grant of options to purchase an aggregate of 5,000 shares thereunder.

SECTION 4.9. Absence of Litigation. Except as disclosed in the Viacom SEC Reports filed with the SEC prior to the date of this Agreement there is no claim, action, proceeding or investigation pending or, to the best knowledge of Viacom, threatened against Viacom or any Viacom Subsidiary, or any property or asset of Viacom or any Viacom Subsidiary, before any court, arbitrator or administrative, governmental or regulatory authority or body, domestic or foreign, which individually or in the aggregate, is reasonably likely to have a Viacom Material Adverse Effect. Except as disclosed in the Viacom SEC Reports filed with the SEC prior to the date of this Agreement, neither Viacom nor any Viacom Subsidiary nor any property or asset of Viacom or any Viacom Subsidiary is subject to any order, writ,

judgment, injunction, decree, determination or award having or reasonably likely to have, individually or in the aggregate, a Viacom Material Adverse Effect.

SECTION 4.10. 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 Viacom or any Viacom Subsidiary (the "Viacom Plans"), except as set forth in Section 4.10 of the Viacom Disclosure Schedule or the Viacom SEC Reports and except as would not, individually or in the aggregate, have a Viacom Material Adverse Effect: (i) none of the Viacom Plans is a multiemployer plan within the meaning of ERISA; (ii) none of the Viacom Plans promises or provides retiree medical or life insurance benefits to any person; (iii) each Viacom Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from 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 Viacom Plan; (iv) each Viacom Plan has been operated in all respects in accordance with its terms and the requirements of applicable law; (v) neither Viacom nor any Viacom 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 Viacom 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; and (vi) Viacom and the Viacom Subsidiaries have not incurred any liability under, and have complied in all respects with, the Worker Adjustment Retraining Notification Act, and no fact or event exists that could give rise to liability under such Act. Except as set forth in Section 4.10 of the Viacom Disclosure Schedule or the Viacom SEC Reports, the aggregate accumulated benefit obligations of each Viacom Plan subject to Title IV of ERISA,(as of the date of the most recent actuarial valuation prepared for such Viacom Plan) do not exceed the fair market value of the assets of such Viacom Plan (as of the date of such valuation).

SECTION 4.11. Trademarks, Patents and Copyrights. Viacom and the Viacom Subsidiaries own or possess adequate licenses or other valid rights to use all material patents, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, service marks, trade secrets, applications for trademarks and for service marks, know-how and other proprietary rights and information used or held for use in connection with the business of Viacom and the Viacom Subsidiaries as currently conducted or as contemplated to be conducted, and Viacom is unaware of any assertion or claim challenging the validity of any of the foregoing which, individually or in the aggregate, would have a Viacom Material Adverse Effect. The conduct of the business of Viacom and the Viacom Subsidiaries as currently conducted does not conflict in any way with any patent, patent right, license, trademark,

trademark right, trade name, trade name right, service mark or copyright of any third party that, individually or in the aggregate, would have a Viacom Material Adverse Effect.

SECTION 4.12. Taxes. Viacom and the Viacom Subsidiaries have timely filed all federal, state, local and foreign tax returns and reports required to be filed by them through the date hereof and shall timely file all returns and reports required on or before the Effective Time, except for such returns and reports the failure of which to file timely would not, individually or in the aggregate, have a Viacom Material Adverse Effect. Such reports and returns are and will be true, correct and complete, except for such failures to be true, correct and complete as would not, individually or in the aggregate, have a Viacom Material Adverse Effect. Viacom and the Viacom Subsidiaries have paid and discharged all federal, state, local and foreign taxes due from them, other than such taxes that are being contested in good faith by appropriate proceedings and are adequately reserved as shown in the audited consolidated balance sheet of Viacom dated December 31, 1992 (the "Viacom 1992 Balance Sheet") and its most recent quarterly financial statements, except for such failures to so pay and discharge which would not, individually or in the aggregate, have a Viacom Material Adverse Effect. Neither the IRS nor any other taxing authority or agency, domestic or foreign, is now asserting or, to the best knowledge of Viacom, threatening to assert against Viacom or any Viacom Subsidiary any deficiency or material claim for additional taxes or interest thereon or penalties in connection therewith which, if such deficiencies or claims were finally resolved against Viacom and the Viacom Subsidiaries would, individually or in the aggregate, have a Viacom Material Adverse Effect. The accruals and reserves for taxes (including interest and penalties, if any, thereon) reflected in the Viacom 1992 Balance Sheet and the most recent quarterly financial statements are adequate in accordance with generally accepted accounting principles, except where the failure to be adequate would not have a Viacom Material Adverse Effect. Viacom and the Viacom Subsidiaries have withheld or collected and paid over to the appropriate governmental authorities or are properly holding for such payment all taxes required by law to be withheld or collected, except for such failures to have so withheld or collected and paid over or to be so holding for payment which would not, individually or in the aggregate, have a Viacom Material Adverse Effect. There are no material liens for taxes upon the assets of Viacom or the Viacom Subsidiaries, other than liens for current taxes not yet due and payable and liens for taxes that are being contested in good faith by appropriate proceedings. Neither Viacom nor any Viacom Subsidiary has agreed to or is required to make any adjustment under Section 481(a) of the Code. Neither Viacom nor any Viacom Subsidiary has made an election under Section 341(f) of the Code. For purposes of this Section 4.12, where a determination of whether a failure by Viacom or a Viacom Subsidiary to comply with the representations herein has a Viacom Material Adverse Effect is necessary, such

determination shall be made on an aggregate basis with all other failures within this Section 4.12.

SECTION 4.13. Opinion of Financial Advisor. Viacom has received the opinion of Smith Barney Shearson Inc., dated January 17, 1994, to the effect that, as of such date, the financial terms of the proposed acquisition by Viacom of Paramount are fair from a financial point of view to Viacom and its stockholders. A copy of such opinion will be delivered to Paramount promptly.

SECTION 4.14. Vote Required. The affirmative vote of the holders of a majority of the outstanding shares of Viacom Class A Common Stock is the only vote of the holders of any class or series of Viacom capital stock necessary to approve the Viacom Vote Matter.

SECTION 4.15. Ownership of Paramount Common Stock. As of the date of this Agreement and based on the number of issued and outstanding shares of Paramount Common Stock as of September 3, 1993 set forth in Section 3.3, Viacom and its affiliates beneficially own, in the aggregate, less than five percent of the issued and outstanding shares of Paramount Common Stock.

SECTION 4.16. Brokers. No broker, finder or investment banker (other than Smith Barney Shearson Inc., Goldman Sachs & Co. and Bear, Stearns & Co. Inc.) is entitled to any brokerage, finder's or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of Viacom. Viacom has heretofore furnished to Paramount a complete and correct copy of all agreements between Viacom and each of Smith Barney Shearson Inc., Goldman Sachs & Co. and Bear, Stearns & Co. Inc. pursuant to which each such firm would be entitled to any payment relating to the Transactions.

SECTION 4.17. Financing. Viacom has delivered to Paramount binding commitments or agreements to obtain the financing in contemplation of the Transactions (the "Financing") in an amount sufficient, together with the Viacom Class B Common Stock, the Viacom Merger Preferred Stock, the CVRs and Warrants, to acquire all the shares of Paramount Common Stock in the Offer and the Merger and to pay all related contemplated fees and expenses. Viacom knows of no fact or circumstance (including the obligations of Viacom under this Agreement) that is reasonably likely to result in the inability of Viacom to receive the proceeds from such Financing.

SECTION 4.18. Purchases of Securities. Since September 12, 1993, neither Viacom nor, to Viacom's knowledge, its affiliates have purchased or sold shares of Viacom Class A Common Stock or Viacom Class B Common Stock and neither Viacom nor, to Viacom's knowledge, its affiliates have any knowledge of any such trading.

SECTION 4.19. Representations in Blockbuster Merger Agreement. Viacom hereby confirms that the representations and warranties contained in Sections 3.07, 3.08 and 3.09 of the Blockbuster Merger Agreement, shall be true and correct as of the date hereof and as of the date of consummation of the Offer, except as would not have a material adverse effect on the financial condition of Paramount, Viacom and Blockbuster and their subsidiaries taken as a whole.

ARTICLE V

CONDUCT OF BUSINESSES PENDING THE MERGER

SECTION 5.1. Conduct of Respective Businesses by Paramount and Viacom Pending the Merger. Each of Paramount and Viacom covenants and agrees that, between the date of this Agreement and the Effective Time, unless the other party shall have consented in writing (such consent not to be unreasonably withheld) and, except, in the case of Viacom, for actions taken by Viacom in order to consummate (x) the acquisition of Blockbuster and (y) the transaction contemplated by the Blockbuster Subscription Agreement, the businesses of each of Paramount and Viacom and their respective subsidiaries shall, in all material respects, be conducted in, and each of Paramount and Viacom and their respective subsidiaries shall not take any material action except in, the ordinary course of business, consistent with past practice; and each of Paramount and Viacom shall use its reasonable best efforts to preserve substantially intact its business organization, to keep available the services of its and its subsidiaries' current officers, employees and consultants and to preserve its and its subsidiaries' relationships with customers, suppliers and other persons with which it or any of its subsidiaries has significant business relations. By way of amplification and not limitation, except (i) as contemplated by this Agreement (including, without limitation, the making of the Offer and Section 6.16), (ii) for any actions taken by Viacom in order to consummate the acquisition of Blockbuster, (iii) for any actions taken by Viacom in order to consummate the transactions contemplated by the Blockbuster Subscription Agreement or (iv) as set forth on Section 5.1 of the Paramount Disclosure Schedule or Section 5.1 of the Viacom Disclosure Schedule, neither Viacom nor Paramount nor any of their respective subsidiaries shall, between the date of this Agreement and the Effective Time, directly or indirectly do, or propose or agree to do, any of the following without the prior written consent of the other (provided that the following restrictions shall not apply to any subsidiaries which Paramount or Viacom, as the case may be, do not control):

(a) amend or otherwise change the Certificate of Incorporation or By-Laws of Viacom or Paramount (except, with respect to Viacom, the Viacom Certificate Amendments and the Certificate of Designations to be filed with the Secretary of State of the State of Delaware in respect of the Viacom Merger Preferred Stock);

(b) issue, sell, pledge, dispose of, grant, encumber, or authorize the issuance, sale, pledge, disposition, grant or encumbrance of, (i) any shares of capital stock of any class of it or any of its subsidiaries, or any options (other than the grant of options in the ordinary course of business consistent with past practice to employees who are not executive officers of Paramount or Viacom), warrants, convertible securities or other rights of any kind to acquire any shares of such capital stock, or any other ownership interest (including, without limitation, any phantom interest), of it or any of its subsidiaries (other than the issuance of shares of capital stock in connection with any dividend reinvestment plan or by any Paramount Plan with an employee stock fund or employee stock ownership plan feature, consistent with applicable securities laws or the exercise of options, warrants or other similar rights, or conversion of convertible preferred stock outstanding as of the date of this Agreement and in accordance with the terms of such options, warrants or rights in effect on the date of this Agreement or otherwise permitted to be granted pursuant to this Agreement) or (ii) any assets of it or any of its subsidiaries, except for sales in the ordinary course of business or which, individually do not exceed $10,000,000 or which, in the aggregate, do not exceed $25,000,000;

(c) 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 (i) in the case of Viacom, with respect to the Series A Preferred Stock and the Series B Preferred Stock, and in the case of Paramount, regular quarterly dividends in amounts not in excess of $.20 per quarter and payable consistent with past practice; provided that, prior to the declaration
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of any such dividend, Paramount shall consult with Viacom as to the timing and advisability of declaring any such dividend and (ii) dividends declared and paid by a subsidiary of either Paramount or Viacom, each such dividend to be declared and paid in the ordinary course of business consistent with past practice;

(d) reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock other than acquisitions by a dividend reinvestment plan or by any Paramount Plan with an employee stock fund or employee stock ownership plan feature, consistent with applicable securities laws;

(e) (i) acquire (including, without limitation, by merger, consolidation, or acquisition of stock or assets) any corporation, partnership, other business organization or any division thereof or any assets, except for such acquisitions which, individually do not exceed $10,000,000 or which, in the aggregate, do not exceed $25,000,000; (ii) incur any indebtedness for borrowed money or issue any debt

securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any person, or make any loans or advances, except (A) for any such indebtedness incurred by Viacom in connection with the Merger or the Offer, (B) the refinancing of existing indebtedness, (C) borrowings under commercial paper programs in the ordinary course of business, (D) borrowings under existing bank lines of credit in the ordinary course of business, (E) which, in the aggregate, do not exceed $25,000,000; or (iii) enter into or amend any contract, agreement, commitment or arrangement with respect to any matter set forth in this Section 5.1(e);

(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, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any director, executive officer or employee; or

(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.

ARTICLE VI

ADDITIONAL COVENANTS

SECTION 6.1. Access to Information; Confidentiality.

(a) From the date hereof to the Effective Time, each of Paramount and Viacom shall (and shall cause its subsidiaries and officers, directors, employees, auditors and agents to) afford the officers, employees and agents of the other party (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.

(b) All information obtained by Paramount or Viacom pursuant to this Section 6.1 shall be kept confidential in accordance with the confidentiality agreements, dated July 1, 1993 (the "Confidentiality Agreements"), between Paramount and Viacom.

(c) No investigation pursuant to this Section 6.1 shall affect any representation or warranty in this Agreement of any party hereto or any condition to the obligations of the parties hereto.

SECTION 6.2. Intentionally omitted.

SECTION 6.3. Directors' and Officers' Indemnification and Insurance. (a) The Certificate of Incorporation and By-Laws of the Surviving Corporation shall contain the provisions with respect to indemnification set forth in the Certificate of Incorporation and By-Laws of Viacom on the date of this Agreement, which provisions shall not be amended, repealed or otherwise modified for a period of six years after the Effective Time in any manner that would adversely affect the rights thereunder of individuals who at any time prior to the Effective Time were directors or officers of Paramount in respect of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement), unless such modification is required by law.

(b) From and after the Effective Time, the Surviving Corporation shall indemnify, defend and hold harmless the present and former officers and directors of Paramount (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 Paramount 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 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 the undertaking to repay such advances contemplated by Section 145(e) of Delaware Law).

(c) Without limiting the foregoing, in the event any Claim is brought against any Indemnified Party (whether arising before or after the Effective Time) after the Effective Time (i) the Indemnified Parties may retain Paramount's regularly engaged independent legal counsel or other independent legal counsel satisfactory to them, provided that such other counsel shall be reasonably acceptable to the Surviving Corporation, (ii) the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Parties promptly as statements therefor are received and (iii) the Surviving Corporation will use its reasonable best efforts to assist in the vigorous defense of any such matter, provided that the Surviving Corporation shall not be liable for any settlement of any Claim

effected without its written consent, which consent shall not be unreasonably withheld. Any Indemnified Party wishing to claim indemnification under this Section 6.3 upon learning of any such Claim, shall notify the Surviving Corporation (although the failure so to notify the Surviving Corporation shall not relieve the Surviving Corporation from any liability which the Surviving Corporation may have under this Section 6.3, except to the extent such failure prejudices the Surviving Corporation), and shall deliver to the Surviving Corporation the undertaking contemplated by Section 145(e) of Delaware Law. The Indemnified Parties as a group may retain no more than one law firm (in addition to local counsel) to represent them with respect to each such matter unless there is, under applicable standards of professional conduct (as determined by counsel to the Indemnified Parties), a conflict on any significant issue between the positions of any two or more Indemnified Parties, in which event such additional counsel as may be required may be retained by the Indemnified Parties.

(d) 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 Paramount (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) 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 6.3(d) more than an amount equal to 200% of current annual premiums paid by Paramount for such insurance (which premiums Paramount represents and warrants to be $850,000 in the aggregate).

(e) This Section 6.3 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 6.4. Notification of Certain Matters. Paramount shall give prompt notice to Viacom, and Viacom shall give prompt notice to Paramount, of (i) the occurrence, or nonoccurrence, of any event the occurrence, or nonoccurrence, of which would be likely to cause (x) any representation or warranty contained in this Agreement to be untrue or inaccurate or (y) any covenant, condition or agreement contained in this Agreement not to be complied with or satisfied and (ii) any failure of Paramount or Viacom, 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 6.4 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

SECTION 6.5. Tax Treatment. Each of Paramount and Viacom will use its reasonable best efforts to cause the Forward Merger to qualify as a reorganization under the provisions of Section 368(a) of the Code and to deliver, in connection with the legal opinion referred to in Section 1.1, letters of representation reasonable under the circumstances as to their present intentions and present knowledge.

SECTION 6.6. Registration Statement; Joint Proxy Statement; Offer Documents and Schedule 14D-9. (a) As promptly as practicable after the execution of this Agreement, Viacom and Paramount shall prepare and file with the SEC an amendment to the joint proxy statement previously filed with the SEC relating to the meetings of Paramount's stockholders and holders of Viacom Class A Common Stock to be held in connection with the Merger (together with any amendments thereof or supplements thereto, the "Proxy Statement") and, as promptly as practicable following consummation of the Offer (or expiration or termination of the Offer without any purchase of shares thereunder), Viacom shall prepare and file with the SEC a registration statement on Form S-4 (together with any amendments thereto, the "Registration Statement") in which the Proxy Statement shall be included as a prospectus, in connection with the registration under the Securities Act of the shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, the CVRs and Warrants to be issued to the stockholders of Paramount pursuant to the Merger, the Viacom Class B Common Stock into which such Viacom Merger Preferred Stock is convertible, the Viacom Class B Common Stock issuable upon the exercise of the Warrants and the Debentures for which such Viacom Merger Preferred Stock is exchangeable. Each of Paramount and Viacom shall use all reasonable efforts to have or cause the Registration Statement to become effective as promptly as practicable, and shall take all or any action required under any applicable federal or state securities laws in connection with the issuance of shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock, the CVRs and Warrants pursuant to the Merger. Paramount shall furnish all information concerning Paramount as Viacom may reasonably request in connection with such actions and the preparation of the Registration Statement and Proxy Statement. As promptly as practicable after the Registration Statement shall have become effective, each of Viacom and Paramount shall mail the Proxy Statement to its respective stockholders; provided that no such mailing shall be required while the Offer remains outstanding. The Proxy Statement shall include the recommendation of the Board of Directors of each of Viacom and Paramount in favor of the Merger, unless otherwise necessary due to the applicable fiduciary duties of the respective directors of Viacom and Paramount, as determined by such directors in good faith after consultation with and based upon the advice of independent legal counsel (who may be such party's regularly engaged independent legal counsel).

(b) The information supplied by Viacom for inclusion in the Registration Statement and the Proxy Statement shall not, at (i) the time the Registration Statement is declared effective, (ii) the time the Proxy Statement (or any amendment thereof or supplement thereto) is first mailed to the stockholders of Viacom and Paramount, (iii) the time of each of the Stockholders' Meetings (as defined in Section 6.7), and (iv) 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 Viacom or any of the Viacom Subsidiaries, or their respective officers or directors, should be discovered by Viacom which should be set forth in an amendment or a supplement to the Registration Statement or Proxy Statement, Viacom shall promptly inform Paramount.

(c) The information supplied by Paramount for inclusion in the Registration Statement and the Proxy Statement shall not, at (i) the time the Registration Statement is declared effective, (ii) the time the Proxy Statement (or any amendment thereof or supplement thereto) is first mailed to the stockholders of Paramount and Viacom, (iii) the time of each of the Stockholders' Meetings, and (iv) 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 Paramount or any of the Paramount Subsidiaries, or their respective officers or directors, should be discovered by Paramount which should be set forth in an amendment or a supplement to the Registration Statement or Proxy Statement, Paramount shall promptly inform Viacom.

(d) Viacom represents and warrants to Paramount that the Offer Documents will not, at the time the Offer Documents are filed with the SEC or are first published, sent or given to stockholders of Paramount, as the case may be, 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 made therein, in the light of the circumstances under which they are made, not misleading. The Offer Documents shall comply in all material respects as to form with the requirements of the Exchange Act and the rules and regulations thereunder.

(e) Paramount represents and warrants to Viacom that neither the Schedule 14D-9 nor any information supplied by Paramount for inclusion in the Offer Documents shall, at the respective times the Schedule 14D-9, the Offer Documents or any amendments or supplements thereto are filed with the SEC or are first published, sent or given to stockholders of Paramount, as the case may be, shall 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 made

therein, in the light of the circumstances under which they are made, not misleading. The Schedule 14D-9 shall comply in all material respects as to form with the requirements of the Exchange Act and the rules and regulations thereunder.

SECTION 6.7. Stockholders' Meetings. Paramount shall call and hold a meeting of its stockholders and Viacom shall call and hold a meeting of the holders of the Viacom Class A Common Stock (collectively, the "Stockholders' Meetings") as promptly as practicable for the purpose of voting upon the approval, in the case of Paramount, of the Merger and, in the case of Viacom, of the Viacom Vote Matter (to the extent such matters have not been previously voted upon and approved by the holders of the Viacom Class A Common Stock), and Viacom and Paramount shall use their reasonable best efforts to hold the Stockholders' Meetings on the same day and as soon as practicable after the date on which the Registration Statement becomes effective; provided that neither Paramount nor Viacom shall be required to call or hold a stockholders meeting while the Offer remains outstanding. Paramount shall use its reasonable best efforts to solicit from its stockholders proxies in favor of the approval of the Merger, and Viacom shall use its reasonable best efforts to solicit from its stockholders proxies in favor of the Viacom Vote Matter and each of Paramount and Viacom shall take all other action necessary or advisable to secure the vote or consent of stockholders required by Delaware Law to obtain such approvals, unless otherwise necessary under the applicable fiduciary duties of the respective directors of Paramount, as determined by such directors in good faith after consultation with and based upon the advice of independent legal counsel (who may be such party's regularly engaged independent legal counsel).

SECTION 6.8. Letters of Accountants. (a) Paramount shall use its reasonable best efforts to cause to be delivered to Viacom "comfort" letters of Ernst & Young, Paramount's independent public accountants, dated and delivered the date on which the Registration Statement shall become effective and as of the Effective Time, and addressed to Viacom, in form and substance reasonably satisfactory to Viacom and reasonably customary in scope and substance for letters delivered by independent public accountants in connection with transactions such as those contemplated by this Agreement.

(b) Viacom shall use its reasonable best efforts to cause to be delivered to Paramount "comfort" letters of Price Waterhouse, Viacom's independent public accountants, dated the date on which the Registration Statement shall become effective and as of the Effective Time, and addressed to Paramount, in form and substance reasonably satisfactory to Paramount and reasonably customary in scope and substance for letters delivered by independent public accountants in connection with transactions such as those contemplated by this Agreement.

SECTION 6.9. Employee Benefits. The "Continuing Directors" (as such term is defined in certain Paramount Plans, including, without limitation, Paramount's Corporate Annual Performance Plan, Corporate Long-Term Performance Plan, Supplemental Executive Retirement Plan, Non-Qualified Retirement Plan, Retirement Plan for Non-Employee Directors, Deferred Compensation Plan for Directors and employment agreements with Messrs. Doppelt, Greenberg, Hertlein, Levinson, Meyers and Sherman) prior to the Effective Time shall approve the transactions contemplated by this Agreement, and prior to the Effective Time Paramount and its officers and directors shall take such other actions, or shall forbear from taking any action, as may be necessary to insure that such transactions shall not constitute a "Change in Control" (or other similar event accelerating or triggering changes to benefits or the terms of any Paramount Plan (a "Paramount Triggering Event")) for purposes of any Paramount Plan under which a Change in Control (or other Paramount Triggering Event) may be avoided by action or inaction, as the case may be, by Paramount or any of its officers or directors. Paramount shall not terminate either Paramount's Corporate Annual Performance Plan or Paramount's Long-Term Performance Plan prior to the Effective Time, and shall (a) delay the establishment and announcement of targets for awards under Paramount's Corporate Annual Performance Plan with respect to Paramount's 1994 fiscal year until after the Effective Time, and (b) delay the implementation of a new performance cycle under Paramount's Corporate Long-Term Performance Plan, in each case, until Paramount and Viacom shall review the terms of such Plans after the Effective Time and make such changes as they deem appropriate taking into consideration the effects of the Merger. Viacom shall take or forbear from taking such action as may be necessary to insure that the transactions contemplated by this Agreement shall not constitute a change in ownership or control (or other similar event accelerating or triggering changes to benefits or the terms of any Viacom Plan (a "Viacom Triggering Event")) for purposes of any Viacom Plan under which any such change in ownership or control (or other Viacom Triggering Event) may be avoided by action or inaction, as the case may be, by Viacom or any of its officers or directors.

SECTION 6.10. Further Action; Reasonable Best Efforts. (a) Upon the terms and subject to the conditions hereof, each of the parties hereto shall (i) make promptly any filings with or applications to the Federal Communications Commission (the "FCC") with respect to the Transactions and (ii) use its reasonable 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 to consummate and make effective the Transactions, including, without limitation, using its reasonable best efforts to obtain all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Entities and parties to contracts with Viacom and Paramount and their respective 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 reasonable best efforts to take all such action.

(b) Each party shall use its best efforts to not 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 6.11. Debt Instruments. Prior to or at the Effective Time, Paramount and each Paramount Subsidiary shall use its reasonable best efforts to prevent the occurrence, as a result of the Merger, the Offer and the other transactions contemplated by this Agreement, of a change in control or any event which constitutes a default (or an event which with notice or lapse of time or both would become a default) under any debt instrument of Paramount or any Paramount Subsidiary, including, without limitation, debt securities registered under the Securities Act.

SECTION 6.12. Public Announcements. Viacom and Paramount 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 party, which shall not be unreasonably withheld; provided, however, that a party may, without the prior consent of the other party, issue such press release or make such public statement as may be required by law or any listing agreement with a national securities exchange to which Viacom or Paramount is a party if it has used all reasonable efforts to consult with the other party and to obtain such party's consent but has been unable to do so in a timely manner.

SECTION 6.13. Listing of Viacom Securities. Viacom shall use its reasonable best efforts to cause the shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock and the Warrants and CVRs to be issued in the Merger to be approved for listing on the AMEX prior to the Effective Time.

SECTION 6.14. Affiliates of Paramount. Paramount represents and warrants to Viacom that Paramount will promptly deliver to Viacom a letter identifying all persons who may be deemed affiliates of Paramount under Rule 145 of the Securities Act, including, without limitation, all directors and executive officers of Paramount, and Paramount represents and warrants to Viacom that Paramount has advised the persons identified in such letter of the resale restrictions imposed by applicable securities laws. Paramount shall use its reasonable best efforts to obtain from each person identified in such letter a written agreement, substantially in the form of Exhibit 6.14. Paramount shall use its reasonable best efforts to obtain as soon as

practicable from any person who may be deemed to have become an affiliate of Paramount after Paramount's delivery of the letter referred to above and prior to the Effective Time, a written agreement substantially in the form of Exhibit 6.14.

SECTION 6.15. Conveyance Taxes. Viacom and Paramount 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 contemplated hereby that are required or permitted to be filed on or before the Effective Time.

SECTION 6.16. Rights Agreement. Except as contemplated by this Agreement, the Board of Directors of Paramount shall not amend or modify the Rights Agreement or redeem the Rights prior to the Effective Time except pursuant to the Other Exemption Agreement.

SECTION 6.17. Assumption of Debt and Leases. With respect to debt issued by Paramount under indentures qualified under the Trust Indenture Act of 1939 ("Paramount Indentures"), Viacom shall execute and deliver to the trustees under the respective Paramount Indentures, Supplemental Indentures, in form satisfactory to the respective trustees, expressly assuming the obligations of Paramount with respect to the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all debt securities issued by Paramount under the respective Indentures and the due and punctual performance of all the terms, covenants and conditions of the respective Paramount Indentures to be kept or performed by Paramount and shall deliver such Supplemental Indentures to the respective trustees under the Paramount Indenture. Viacom shall similarly deliver instruments of assumption to the holders of any debt obligations of, and the lessors of any real property to, Paramount, which debt obligations or leases expressly require such assumption in order for the Merger to comply with the debt instrument or lease.

SECTION 6.18. Gains Tax. Except as provided in Section 1.7(b), Viacom 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 Paramount. Viacom and Paramount 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 Paramount) and in the determination of the portion of the consideration allocable to the real property of Paramount and the Paramount Subsidiaries in New York State and

City (or in any other jurisdiction, if applicable). The terms of the Offer to Purchase and of the Proxy Statement shall provide that the stockholders of Paramount shall be deemed to have agreed to be bound by the allocation established pursuant to this Section 6.18 in the preparation of any return with respect to the Gains Tax and the Transfer Taxes and any similar taxes, if applicable.

SECTION 6.19. Reverse Merger. In the event that a decision is made to structure the Merger as a Reverse Merger pursuant to Section 1.1, Viacom agrees to form Merger Subsidiary as promptly as practicable following such decision and to cause a merger agreement conforming to Section 251 of the Delaware Law and effecting the terms hereof to be adopted by Merger Subsidiary. Paramount agrees in such case to enter into such merger agreement.

SECTION 6.20. Post-Offer Agreements. In the event that the Offer is consummated and subject to any applicable requirements of the FCC: (a) the affirmative vote of a majority of the directors of Paramount who are directors on the date hereof and continue as directors on the date of the actions described below will be required to amend, modify or waive any provisions of this Agreement, or to approve any other action by Paramount with respect to the transactions contemplated hereby which adversely affect the interests of the stockholders of Paramount; (b) Viacom shall not directly or indirectly cause Paramount to breach its obligations hereunder; and (c) at the Paramount Stockholders' Meeting, Viacom shall cause all shares of Paramount Common Stock then owned by it or its subsidiaries to be voted in favor of the approval and adoption of this Agreement and the transactions contemplated hereby.

SECTION 6.21. Transactions With Significant Stockholder. After the Effective Time. From and after the Effective Time and until the tenth anniversary of the Effective Time, Viacom shall not enter into any agreement with any stockholder (the "Significant Stockholder") who beneficially owns more than 35% of the then outstanding securities entitled to vote at a meeting of the stockholders of Viacom that would constitute a Rule 13e-3 (as such rule is in effect today) transaction under the Exchange Act with respect to any class of common stock of Viacom (any such transaction being a "Going Private Transaction") unless Viacom provides in any agreement pursuant to which such Going Private Transaction shall be effected that, as a condition to the consummation of such Going Private Transaction, (a) the holders of a majority of the shares of each class of common stock subject to such Going Private Transaction and not beneficially owned by the Significant Stockholder that are voted and present (whether in person or by proxy) at the meeting of stockholders called to vote on such Going Private Transaction shall have voted in favor thereof and (b) a special committee (the "Special Committee") of the Board of Directors of Viacom comprised solely of the independent directors of Viacom shall have (i) approved the terms

and conditions of the Going Private Transaction and shall have recommended that the stockholders vote in favor thereof and (ii) received from its financial advisor a written opinion addressed to the Special Committee, for inclusion in the proxy statement to be delivered to the stockholders, and dated the date thereof, substantially to the effect that the consideration to be received by the stockholders (other than the Significant Stockholder) in the Going Private Transaction is fair to them from a financial point of view. Notwithstanding anything to the contrary in this Section 6.21, the restrictions contained in this Section 6.21 shall not apply to any Significant Stockholder if there exists another stockholder who beneficially owns a greater percentage of outstanding securities entitled to vote at the meeting than the Significant Stockholder.

SECTION 6.22. Blockbuster Merger Agreement and Subscription Agreement. Viacom hereby agrees that, from and after the date of this Agreement, the terms of (i) the Blockbuster Merger Agreement and (ii) the Blockbuster Subscription Agreement shall not, without the consent of Paramount, be amended or waived in any manner that would have a material adverse effect on the value of the aggregate consideration to be received by the Paramount stockholders pursuant to the terms of the Offer and the Merger taken together.

ARTICLE VII

CLOSING CONDITIONS

SECTION 7.1. Conditions to Obligations of Each Party to Effect the Merger. The respective obligations of each party to effect the Merger and the other transactions contemplated herein 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) Effectiveness of the Registration Statement. The Registration Statement shall have been declared effective by the SEC under the Securities Act. No stop order suspending the effectiveness of the Registration Statement shall have been issued by the SEC and no proceedings for that purpose shall have been initiated or, to the knowledge of Viacom or Paramount, threatened by the SEC.

(b) Stockholder Approval. This Agreement and the Merger shall have been approved and adopted by the requisite vote of the stockholders of Paramount and the Viacom Vote Matter (to the extent not previously voted upon and approved by the holders of Viacom Class A Common Stock) shall have been approved and adopted by the requisite vote of the stockholders of Viacom.

(c) 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 best efforts to cause any such decree, judgment, injunction or other order to be vacated or lifted.

(d) AMEX Listing. The shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock and the Warrants and CVRs issuable to stockholders of Paramount in accordance with Article II shall have been authorized for listing on the AMEX upon official notice of issuance.

SECTION 7.2. Additional Conditions to Obligations of Viacom. The obligations of Viacom to effect the Merger and the transactions contemplated herein are also subject to the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of Paramount contained in this Agreement (including, without limitation, Section 6.06), without giving effect to any notification to Viacom delivered pursuant to Section 6.4, shall be true and correct as of the Effective Time as though made on and as of the Effective Time, except (i) for changes specifically permitted by this Agreement and (ii) that those representations and warranties which address matters only as of a particular date shall remain true and correct as of such date, except in any case for such failures to be true and correct which would not, individually or in the aggregate, have a Paramount Material Adverse Effect. Viacom shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Paramount to such effect.

(b) Agreement and Covenants. Paramount shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time. Viacom shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Paramount to that effect.

(c) Material Adverse Change. Since the date of this Agreement, there shall have been no change, occurrence or circumstance in the business, results of operations or financial condition of Paramount or any Paramount Subsidiary having or reasonably likely to have, individually or in the aggregate, a material adverse effect on the business,

results of operations or financial condition of Paramount and the Paramount Subsidiaries, taken as a whole. Viacom shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Paramount to such effect.

Notwithstanding the foregoing, the obligations of Viacom to effect the Merger and the other transactions contemplated herein following prior consummation of the Offer shall not be subject to the conditions set forth in Sections 7.2(a), (b) and (c).

SECTION 7.3. Additional Conditions to Obligations of Paramount. The obligation of Paramount to effect the Merger and the other transactions contemplated in this Agreement are also subject to the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of Viacom contained in this Agreement (including, without limitation, Section 6.6), without giving effect to any notification made by Viacom to Paramount pursuant to Section 6.4, shall be true and correct as of the Effective Time, as though made on and as of the Effective Time, except (i) for changes specifically permitted by this Agreement and (ii) that those representations and warranties which address matters only as of a particular date shall remain true and correct as of such date, except in any case for such failures to be true and correct which would not, individually or in the aggregate, have a Viacom Material Adverse Effect. Paramount shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Viacom to such effect.

(b) Agreements and Covenants. Viacom shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time. Paramount shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Viacom to that effect.

(c) No Material Adverse Change. Since the date of this Agreement, there shall have been no change, occurrence or circumstance in the business, results of operations or financial condition of Viacom or any Viacom Subsidiary having or reasonably likely to have, individually or in the aggregate, a material adverse effect on the business, results of operations or financial condition of Viacom and the Viacom Subsidiaries, taken as a whole. Paramount shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Viacom to such effect.

(d) Amendments to Viacom's Certificate of Incorporation. Viacom shall have filed with the Secretary

of State of the State of Delaware a certificate of amendment to Viacom's certificate of incorporation pursuant to which the Viacom Certificate Amendments shall have become effective.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.1. 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 Paramount or the approval by the stockholders of Viacom of the issuance of the shares of Viacom Common Stock in accordance with Article II:

(a) by mutual consent of Paramount and Viacom;

(b) by Viacom, prior to consummation of the Offer, upon a breach of any representation, warranty, covenant or agreement on the part of Paramount set forth in this Agreement, or if any representation or warranty of Paramount shall have become untrue, in either case such that the conditions set forth in Section 7.2(a) or Section 7.2(b), as the case may be, would be incapable of being satisfied by July 31, 1994 (or as otherwise extended); provided, that in any case, a wilful breach shall be deemed to cause such conditions to be incapable of being satisfied for purposes of this Section 8.1(b);

(c) by Paramount, upon a breach of any representation, warranty, covenant or agreement on the part of Viacom set forth in this Agreement, or if any representation or warranty of Viacom shall have become untrue, in either case such that the conditions set forth in Section 7.3(a) or Section 7.3(b), as the case may be, would be incapable of being satisfied by July 31, 1994 (or as otherwise extended); provided, that in any case, a wilful breach shall be deemed to cause such conditions to be incapable of being satisfied for purposes of this Section 8.1(c);

(d) by either Viacom or Paramount, if any permanent injunction or action by any Governmental Entity preventing the consummation of the Merger shall have become final and nonappealable;

(e) by either Viacom or Paramount, if the Merger shall not have been consummated before July 31, 1994; provided, however, that this Agreement may be extended by written notice of either Viacom or Paramount to a date not later than September 30, 1994, if the Merger shall not have been consummated as a direct result of Viacom or Paramount having

failed by July 31, 1994, to receive all required regulatory approvals or consents with respect to the Merger;

(f) by either Viacom or Paramount, if this Agreement and the Merger shall fail to receive the requisite vote for approval and adoption by the stockholders of Paramount or Viacom at the Stockholders' Meetings;

(g) by Viacom, if (i) the Board of Directors of Paramount shall withdraw, modify or change its recommendation of this Agreement, the Merger or the Offer in a manner adverse to Viacom or shall have resolved to do any of the foregoing; provided, that a statement by the Board of
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Directors of Paramount that it is neutral or unable to take a position with respect to the Offer after the commencement or amendment of a tender offer by a third party shall not be deemed to constitute a withdrawal, modification or change of its recommendation of this Agreement if the Solicitation/Recommendation Statement on Schedule 14D-9 relating to such third party tender offer recommends rejection of such tender offer and the Board of Directors of Paramount reconfirms its recommendation of the Offer on the date of the filing thereof; (ii) the Board of Directors of Paramount shall have recommended to the stockholders of Paramount a Competing Transaction (as defined below); (iii) Viacom has not consummated the Offer and a tender offer or exchange offer for 30% or more of the outstanding shares of capital stock of Paramount is commenced, and the Board of Directors of Paramount recommends that the stockholders of Paramount tender their shares in such tender or exchange offer; or (iv) Viacom has not consummated the Offer and any person shall have acquired beneficial ownership or the right to acquire beneficial ownership of or any "group" (as such term is defined under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) shall have been formed which beneficially owns, or has the right to acquire "beneficial ownership" (as defined in the Rights Plan) of, more than 30% of the then outstanding shares of capital stock of Paramount;

(h) by Paramount, if the Board of Directors of Paramount (x) fails to make or withdraws or modifies its recommendation referred to in Section 2.2(a) or Section 6.6(a) if there exists at such time a tender offer or exchange offer or a proposal by a third party to acquire Paramount pursuant to a merger, consolidation, share exchange, business combination, tender or exchange offer or other similar transaction or (y) recommends to Paramount's stockholders approval or acceptance of any of the foregoing in each case only if the Board of Directors of Paramount, after consultation with and based upon the advice of independent legal counsel (who may be such party's regularly engaged independent legal counsel), determines in good faith that such action is necessary for the Board of Directors of

Paramount to comply with its fiduciary duties to stockholders under applicable law; and

(i) by Paramount, if due to the occurrence or circumstance that would result in a failure to satisfy any of the conditions set forth in Annex A or otherwise, (A) the Offer shall have expired without the purchase of shares of Paramount Common Stock thereunder or Viacom shall be obligated to terminate the Offer pursuant to Section 2.5 or (B) Viacom shall have failed to accept for payment shares of Paramount Common Stock pursuant to the Offer prior to 9:00 a.m. on the first business day following the Final Expiration Date, unless such failure to accept for payment shares of Paramount Common Stock shall have been caused by or resulted from the failure of Paramount to perform in any material respect its material covenants and agreements contained in this Agreement or resulted from the termination of the Offer pursuant to Section 2.1(c).

The right of any party hereto to terminate this Agreement pursuant to this Section 8.1 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. For purposes of this Agreement, "Competing Transaction" shall mean any of the
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following involving Paramount or any Paramount Subsidiaries: (i) any merger, consolidation, share exchange, business combination, or other similar transaction; (ii) any disposition of 30% or more of the assets of Paramount and the Paramount Subsidiaries, taken as a whole in the single transaction or series of transactions; (iii) any tender offer or exchange offer for 30% or more of the outstanding shares of capital stock of Paramount or the filing of a registration statement under the Securities Act in connection therewith; (iv) any person having acquired beneficial ownership or the right to acquire beneficial ownership of, or any "group" (as such term is defined under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) having been formed which beneficially owns or has the right to acquire beneficial ownership of, 30% or more of the then outstanding shares of capital stock of Paramount; or (v) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

SECTION 8.2. Effect of Termination. Except as
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provided in Section 9.1, in the event of the termination of this Agreement pursuant to Section 8.1, this Agreement shall forthwith become void, there shall be no liability on the part of Paramount or Viacom 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 (i) nothing herein shall relieve
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any party from liability for the wilful breach of any of its representations, warranties, covenants or agreements set forth in this Agreement and (ii) if Viacom or Paramount shall terminate

this Agreement in accordance with the provisions of Section 8.1, and if Viacom shall continue the Offer, the exemption agreement between the parties dated as of December 22, 1993 shall again become effective.

SECTION 8.3. 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, further, that, after approval of the Merger by the stockholders of Paramount or Viacom, no amendment, which under applicable law may not be made without the approval of the stockholders of Paramount or Viacom, may be made without such approval. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 8.4. 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 8.5. Fees, Expenses and Other Payments. 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; provided, however, that all costs and expenses related to printing, filing and mailing the Registration Statement and the Proxy Statement and all SEC and other regulatory filing fees incurred in connection with the Registration Statement and the Proxy Statement shall be borne equally by Paramount and Viacom.

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.1. Effectiveness of Representations, Warranties and Agreements. (a) Except as set forth in Section 9.1(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 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 6.3 and 6.21 shall survive the Effective Time and those set forth in Sections 2.2(c), 2.3, 6.1(b), 8.2 and 8.5 and Article IX hereof shall survive termination.

(c) Each of the representations and warranties made in Article III shall be deemed to be made on September 12, 1993 and not made on the date hereof, except for representations and warranties which address matters as of a particular date, provided, that the representations set forth in the last sentence
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of Section 3.4, Sections 3.13, 3.14, 4.13 and 4.17 and any representations and warranties with respect to this Agreement, the Merger and the Offer are made on the date hereof.

(d) Each of Paramount and Viacom agree that nothing herein shall constitute a waiver of any rights, claims or defenses of Viacom or Paramount created by or arising under the Amended and Restated Agreement and Plan of Merger, dated as of October 24, 1993, as subsequently amended, or the Stock Option Agreement, dated as of September 12, 1993, between Paramount and Viacom, as amended by Amendment No. 1 thereto, dated as of October 24, 1993, all of which rights, claims and defenses are hereby expressly reserved.

SECTION 9.2. Notices. All notices and other
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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, mailed 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 Viacom:

Viacom Inc.
1515 Broadway
New York, NY 10036
Attention: Senior Vice President,
General Counsel
Telecopier No.: (212) 258-6134

with a copy to:

Shearman & Sterling
599 Lexington Avenue
New York, NY 10022
Attention: Stephen R. Volk, Esq.
Telecopier No.: (212) 848-7179

(b) If to Paramount:

Paramount Communications Inc.
15 Columbus Circle
New York, NY 10023
Attention: Executive Vice President and
General Counsel
Telecopier No.: (212) 373-8184

with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, NY 10017
Attention: Joel S. Hoffman
Telecopier No.: (212) 455-2502

SECTION 9.3. 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) "beneficial owner" with respect to any shares of Paramount Common Stock means, unless otherwise defined herein, a person who shall be deemed to be the beneficial owner of such shares (i) which such person or any of its affiliates or associates (as such term is defined in Rule 12b-2 promulgated under the Exchange Act) beneficially owns, directly or indirectly, (ii) which such person or any of its affiliates or associates has, directly or indirectly, (A) the right to acquire (whether such right is exercisable immediately or subject only to the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of consideration rights, exchange rights, warrants or options, or otherwise or (B) the right to vote pursuant to any agreement, arrangement or understanding or (iii) which are beneficially owned, directly or indirectly, by any other persons with whom such person or any of its affiliates or associates, or any person with whom such person or any of its affiliates or associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares;

(c) "business day" shall have the meaning set forth in Rule 14d-1(c)(6) as promulgated under the Exchange Act;

(d) "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;

(e) The parties agree that the term "fully diluted basis" as used herein, shall mean giving effect to the shares of Paramount Common Stock then outstanding plus the shares of Paramount Common Stock issuable upon the exercise of the then exercisable stock options;

(f) The parties agree that the term "Merger", as used herein, may refer to, consistent with the context of such usage, each of the single step merger, the second step merger following the Offer, or both. The parties hereto agree to promptly amend this Agreement subsequent to the execution and delivery thereof to provide for more precise defined terms and usage thereof; and

(g) "subsidiary" or "subsidiaries" of Paramount, Viacom, the Surviving Corporation or any other person means any corporation, partnership, joint venture or other legal entity of which Paramount, Viacom, the Surviving Corporation or such other person, as the case may be (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 9.4. Time Period. In computing any time period hereunder, the computation shall be governed by Rule 14d-1(c)(6) as promulgated under the Exchange Act.

SECTION 9.5. 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 9.6. 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 9.7. Entire Agreement. This Agreement (together with the Exhibits, the Paramount Disclosure Schedule,

the Viacom Disclosure Schedule and the other documents delivered pursuant hereto) and the Confidentiality Agreements constitute the entire agreement of the parties and supersede all prior agreements and undertakings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof.

SECTION 9.8. Assignment. This Agreement shall not be assigned by operation of law or otherwise.

SECTION 9.9. 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 6.3), 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, including to confer third party beneficiary rights; provided, however, nothing in the foregoing shall be deemed to derogate from any rights of the Other Offeror (other than as a third party beneficiary) as against Paramount or its Board with respect to any amendment of this Agreement or failure to enforce the Agreement.

SECTION 9.10. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity.

SECTION 9.11. Governing Law. Except to the extent that Delaware Law is mandatorily applicable to the Merger and the rights of the stockholders of Paramount and Viacom, 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 9.12. 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, Viacom and Paramount have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ATTEST:	VIACOM INC.
By /s/ Katherine B. Rosenberg --- Assistant Secretary	By /s/ Philippe P. Dauman --- Senior Vice President, General Counsel and Secretary
ATTEST:	PARAMOUNT COMMUNICATIONS INC.
By /s/ Martin M. Shea --- Vice President	By /s/ Donald Oresman --- Executive Vice President

ANNEX A

CONDITIONS TO THE OFFER

Notwithstanding any other provision of the Offer, Viacom shall not be required to accept for payment or pay for any shares of Paramount Common Stock tendered pursuant to the offer, and may terminate or amend the Offer and may postpone the acceptance for payment of and payment for shares of Paramount Common Stock tendered, if (i) the Minimum Condition shall not have been satisfied, (ii) the Rights Condition shall not have been satisfied, or (iii) at any time on or after the date of this Agreement, and prior to the acceptance for payment of shares of Paramount Common Stock, any of the following conditions shall not exist:

(a) 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 Offer, the Merger or any transaction contemplated by the Agreement; provided that
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Viacom shall have used its reasonable best efforts to cause any such decree, judgment, injunction or other order to be vacated or lifted;

(b) Each of the representations and warranties of Paramount contained in the Agreement (including, without limitation, Section 6.6), without giving effect to any notification to Viacom delivered pursuant to Section 6.4, shall be true and correct as of the date of consummation of the Offer as though made on and as of such date, except (i) for changes specifically permitted by the Agreement and (ii) that those representations and warranties which address matters only as of a particular date shall remain true and correct as of such date, except in any case for such failures to be true and correct which would not, individually or in the aggregate, have a Paramount Material Adverse Effect;

(c) Paramount shall have performed or complied in all material respects with all agreements and covenants required by the Agreement to be performed or complied with by it on or prior to the date of consummation of the Offer;

(d) Since December 22, 1993, there shall have been no change, occurrence or circumstance in the business, results of operations or financial condition of Paramount or any Paramount Subsidiary having or reasonably likely to have,

individually or in the aggregate, a material adverse effect on the business, results of operations or financial condition of Paramount and the Paramount Subsidiaries, taken as a whole;

(e) The Agreement shall not have been terminated in accordance with its terms;

(f) Viacom shall not have terminated the Offer under Sections 2.1(c) or 2.5 of the Agreement;

(g) Viacom and Paramount shall not have agreed that Viacom shall terminate the Offer or postpone the acceptance for payment of or payment for shares of Paramount Common Stock thereunder;

and, in the reasonable judgment of Viacom in any such case, and regardless of the circumstances (including any action or inaction by Viacom or any of its affiliates) giving rise to any such condition, it is inadvisable to proceed with such acceptance for payment or payment.

The foregoing conditions are for the sole benefit of Viacom and may be asserted by Viacom regardless of the circumstances giving rise to any such condition or may be waived by Viacom in whole or in part at any time and from time to time in their sole discretion, subject to the terms of this Agreement. The failure by Viacom at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other 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 that may be asserted at any time and from time to time.

ANNEX B

Principal Terms of Viacom Merger Preferred Stock

General	Unless otherwise specified herein, the Viacom Merger Preferred Stock will have the same terms as contained in the Certificate of Designation for Viacom's existing Series A Cumulative Convertible Preferred Stock.
Dividends	Cumulative from the Effective Time at the annual rate of $2.50 per share of Viacom Merger Preferred Stock, payable quarterly.
Conversion Rights	The Viacom Merger Preferred Stock will be convertible at the option of the holder at any time, unless previously redeemed, into shares of Viacom Class B Common Stock at an initial conversion price of $70.00 (equivalent to a conversion rate of approximately .7143 of a share of Viacom Class B Common Stock for each share of Viacom Merger Preferred Stock), subject to adjustment in certain events.
Liquidation Preference	$50.00 per share of Viacom Merger Preferred Stock, plus accrued and unpaid dividends.
Redemption at the Option of Viacom	The Viacom Merger Preferred Stock may not be redeemed prior to the fifth anniversary of the Effective Time. On and after such date, the Viacom Merger Preferred Stock may be redeemed in whole or in part, at the option of Viacom, initially at a per share redemption price of $52.50 and thereafter at prices declining to $50.00 on and after the tenth anniversary of the Effective Time, plus, in each case, all accrued and unpaid dividends.
Mandatory Redemption	None
Exchange for Debentures	The Viacom Merger Preferred Stock will be exchangeable in whole, or in part, at the option of Viacom on any dividend payment date beginning on and after the third anniversary of the Effective Time,

	for Viacom's 5% Convertible Subordinated Debentures (the "Exchange Debentures") ------------------- at the rate of $50.00 principal amount of Exchange Debentures for each share of Viacom Merger Preferred Stock. Viacom may effect each exchange only if all accrued and unpaid dividends on the Viacom Merger Preferred Stock have been paid.
Voting Rights	The Viacom Merger Preferred Stock will have no voting rights except (i) as otherwise required by law and (ii) for the right to elect two additional directors to Viacom's Board of Directors in the event that Viacom has failed to pay dividends payable on the shares of Viacom Merger Preferred Stock for such number of dividend periods which shall in the aggregate contain not less than 360 days. In any such election, the holders of shares of Viacom Merger Preferred Stock will vote separately as a class with the holders of shares of any one or more other shares of preferred stock ranking on a parity with the Viacom Merger Preferred Stock. Such right to elect two directors will continue until such dividend arrearages have been paid.
Exchange Debentures	
Interest	5% per annum, payable semi-annually.
Aggregate Principal Amount	Equal to aggregate liquidation preference of Viacom Merger Preferred Stock exchanged.
Maturity	20 years from the Effective Time.
Optional Redemption	Not redeemable prior to the fifth anniversary of the Effective Time. On and after that date, redeemable, in whole or in part, at the option of Viacom, at a redemption price of 105% of the principal amount thereof and thereafter at prices declining to 100% of the principal amount thereof on and after the tenth anniversary of the Effective Time, plus, in each case, all accrued and unpaid interest.
Mandatory Redemption	None

Conversion	Convertible at the option of the holder at any time, unless previously redeemed, into shares of Viacom Class B Common Stock at an initial conversion price of $70.00, subject to the same adjustments as contained in the Viacom Merger Preferred Stock.
Subordination	The Exchange Debentures will be subordinated in right of payment to all Senior Indebtedness of Viacom when due. Senior Indebtedness of Viacom will be defined as (a) the principal of, premium, if any, and accrued and unpaid interest on (i) indebtedness of Viacom for money borrowed, (ii) guarantees by Viacom of indebtedness for money borrowed by any other person, (iii) indebtedness evidenced by notes, debentures, bonds or other instruments of indebtedness for payment of which Viacom is responsible or liable, by guarantees or otherwise, and (iv) obligations of Viacom under capital leases, and (b) modifications, renewals, extensions and refunding of any such indebtedness, obligations or guarantees, unless it is provided that such indebtedness, obligations or guarantees, or such modifications, renewals, extensions or refundings thereof, are not superior in right of payment to the Exchange Debentures. No payment on account of principal or interest on the Exchange Debentures may be made if at the time of such payment there exists a payment default with respect to any Senior Indebtedness. Upon any distribution of the assets of Viacom upon any dissolution, total or partial liquidation or reorganization of or similar proceeding relating to Viacom, the holders of its Senior Indebtedness will be entitled to receive payment in full before the Exchange Debenture holders are entitled to receive any payment.
Events of Default	The term "Event of Default" when used in the indenture for the Exchange Indebtedness will mean any of the following: (i) failure of Viacom to pay (whether or not prohibited by the subordination provisions) interest for

thirty days on the principal of or any redemption payment on any of the Exchange Debentures, (ii) failure to perform any other covenant contained in the Indenture for sixty days after notice to Viacom by the trustee (or to Viacom and the trustee by the holders of at least 25% in aggregate principal amount of Exchange Debentures then outstanding) and (iii) certain events of bankruptcy, insolvency or reorganization.

ANNEX C

VIACOM INC.

PRINCIPAL TERMS OF CONTINGENT VALUE RIGHTS ("CVRs")

Issuer:	Viacom Inc. ("Viacom")
Payment at Maturity:	Following the maturity of a CVR, the holder of such CVR (the "CVR Holder") shall have the right to receive the amount, if any, by which the Target Price exceeds the greater of the Current Market Value and the Minimum Price (each as defined below). The CVRs shall mature on the Maturity Date unless otherwise extended to the First Extended Maturity Date or the Second Extended Maturity Date, as the case may be (each as defined below).
Form of Payment:	Viacom, at its option, may pay any amount due under the terms of the CVRs to the CVR Holders in cash or in the equivalent fair market value (as determined by an independent nationally recognized investment bank) of registered securities of Viacom, including, without limitation, common stock, preferred stock, notes or other securities.
Target Price:	"Target Price" means (i) at the Maturity Date, $48.00, (ii) at the First Extended Maturity Date, $51.00 and (iii) at the Second Extended Maturity Date, $55.00. In each case, such Target Prices shall be adjusted upon the occurrence of any event described in the Section entitled "Antidilution" set forth below.
Current Market Value:	"Current Market Value" means (i) with respect to the Maturity Date and the First Extended Maturity Date, the median of the averages of the closing prices on the American Stock Exchange (or such other exchange on which such shares are then listed) of shares of Viacom's Class B Common Stock, par value $.01 per share (the "Class B Common Stock"), during each 20 consecutive trading day period that both begins and ends in the Valuation Period and (ii) with respect to the Second Extended Maturity Date,

the average of the closing prices on the American Stock Exchange (or such other exchange on which such shares are then listed) of the Class B Common Stock during the 20 consecutive trading days in the Valuation Period which yield the highest such average of the closing prices for any such 20 consecutive trading day period within the Valuation Period. "Valuation Period" means the 60 trading day period immediately preceding (and including) the Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as the case may be.

Minimum Price: "Minimum Price" means $38.00, subject to adjustment upon the occurrence of any event described in the Section entitled "Antidilution" set forth below.

Maturity Date; Extensions Thereof: "Maturity Date" means the first anniversary of the effective time (the "Effective Time") of the merger between Viacom and Paramount Communications Inc. (the "Merger"); provided, however, that Viacom, at its option, may (i) extend the Maturity Date to the second anniversary of the Effective Time (the "First Extended Maturity Date") and (ii) extend the First Extended Maturity Date to the third anniversary of the Effective Time (the "Second Extended Maturity Date"). Viacom shall exercise either such option to extend by publishing notice of such exercise in the Wall Street Journal (Eastern Edition), or if the Wall Street Journal is not then published, such other newspaper with general circulation in the City of New York, New York no later than one business day preceding the Maturity Date or First Extended Maturity Date, as the case may be.

No Interest: Other than in the case of interest on the Default Amount (as defined below), no interest shall accrue on any amounts payable to the CVR Holders pursuant to the terms of CVRs.

Disposition Payment: Following the consummation of a Disposition (as defined below), Viacom

shall pay to each CVR Holder for each CVR held by such CVR Holder an amount, if any, by which the Discounted Target Price (as defined below) exceeds the greater of (a) the fair market value (as determined by an independent nationally recognized investment banking firm) of the consideration, if any, received by holders of Class B Common Stock for each share of Class B Common Stock held by such holder as a result of such Disposition and (b) the Minimum Price.

Dispositions: "Disposition" means (a) a merger, consolidation or other business combination involving Viacom as a result of which no shares of Class B Common Stock shall remain outstanding, (b) a sale, transfer or other disposition, in one or a series of transactions, of all or substantially all of the assets of Viacom or (c) a reclassification of Class B Common Stock as any other capital stock of Viacom or any other person.

Acceleration Upon Event of Default: If an Event of Default (as defined below) occurs and is continuing, either the bank or trust company acting as the trustee (the "Trustee") or CVR Holders holding at least 25% of the outstanding CVRs, by notice to Viacom (and to the Trustee if given by CVR Holders), may declare the CVRs to be due and payable, and upon any such declaration, the Default Amount shall become due and payable and, thereafter, shall bear interest at an interest rate of 8% per annum until payment is made to the Trustee. "Default Amount" means the amount, if any, by which the Discounted Target Price exceeds the Minimum Price.

Discounted Target Price: "Discounted Target Price" means (a) if a Disposition or an Event of Default shall occur prior to the Maturity Date, $48.00, discounted to the Disposition Payment Date (as defined below) or the Default Payment Date (as defined below), as the case may be, at a per annum rate of 8%; (b) if a Disposition or an Event of Default shall occur after the

Maturity Date but prior to the First Extended Maturity Date, $51.00 discounted to the date of the Disposition Payment Date or Default Payment Date, as the case may be, at a per annum rate of 8%; or (c) if a Disposition or an Event of Default shall occur after the First Extended Maturity Date but prior to the Second Extended Maturity Date, $55.00 discounted to the Disposition Payment Date or Default Payment Date, as the case may be, at a per annum rate of 8%. In each case, the Discounted Target Price and the Minimum Price shall be adjusted upon the occurrence of any event described in the Section entitled "Antidilution" set forth below. "Disposition Payment Date", with respect to a Disposition, means the date established by Viacom for payment of the amount due on the CVRs in respect of such Disposition, which in no event shall be more than 30 days after the date on which such Disposition was consummated. "Default Payment Date" means the date on which the CVRs become due and payable upon the declaration thereof following an Event of Default.

Events of Default: "Event of Default", with respect to the CVRs, means any of the following which shall have occurred and be continuing; (a) default in the payment of all or any part of the amounts payable in respect of any of the CVRs as and when the same shall become due and payable following the Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, the Disposition Payment Date or otherwise; (b) material default in the performance, or material breach, of any material covenant or warranty of Viacom, and continuance of such material default or breach for a period of 90 days after written notice has been given to Viacom by the Trustee or to Viacom and the Trustee by CVR Holders holding at least 25% of the outstanding CVRs; or (c) certain events of bankruptcy, insolvency, reorganization or other similar events in respect of Viacom.

Antidilution: If Viacom shall in any manner subdivide (by stock split, stock dividend or

	otherwise) or combine (by reverse stock split or otherwise) the number of outstanding shares of Class B Common Stock, Viacom shall correspondingly subdivide or combine the CVRs and shall appropriately adjust the Target Price, the Minimum Price and the Discounted Target Price.
Trading:	None of Viacom, National Amusements, Inc. or any of their affiliates shall trade in shares of Class B Common Stock during the period commencing 10 trading days before the Valuation Period and ending on the last day of the Valuation Period, except with respect to employee benefit plans and other incentive compensation arrangements.
No Fractional CVRs:	No fraction of a CVR will be issued in the Merger. In lieu thereof, a cash payment will be made in an amount equivalent to the fair market value of the fraction of the CVR.
CVR Agreement:	The CVRs will be issued pursuant to a CVR Agreement between Viacom and the Trustee. Viacom shall use its reasonable best efforts to cause the CVR Agreement to be qualified under the Trust Indenture Act of 1939, as amended.
Registration/Listing:	The CVRs will be issued in registered form, and Viacom shall use its reasonable best efforts to list the CVRs on the American Stock Exchange (or such other securities exchange on which the shares of Class B Common Stock are then listed).
Nature and Ranking of CVRs:	The CVRs are unsecured obligations of Viacom and will rank equally with all other unsecured obligations of Viacom.

ANNEX D

Summary of Terms and Warrants

Each Warrant will entitle the holder thereof to purchase one share of Viacom Class B Common Stock per whole Warrant at any time prior to the third anniversary of the Merger at a price of $60.00, payable in cash. The terms of the Warrants will include customary anti-dilution (with respect to stock splits, stock dividends, reverse stock splits or other similar subdivisions or combinations of stock) and other provisions. No fraction of a Warrant will be issued in the Merger. In lieu thereof, a cash payment will be made in an amount determined in accordance with Section 1.7 of this Agreement.

EXHIBIT 6.14

FORM OF AFFILIATE LETTER

Viacom Inc.
1515 Broadway
New York, NY 10036

Gentlemen:

I have been advised that as of the date of this letter I may be deemed to be an "affiliate" of Paramount Communications Inc., a Delaware corporation (the "Company"), as the term "affiliate" is defined for purposes of paragraphs (c) and (d) of Rule 145 of the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"). Pursuant to the terms of the Agreement and Plan of Merger dated as of January 21, 1994, (the "Agreement"), between Viacom Inc., a Delaware corporation ("Viacom"), and the Company, the Company will be merged with and into Viacom or a wholly owned Subsidiary of Viacom (the "Merger").

As a result of the Merger, I may receive (i) shares of Class B common stock, par value $.01 per share, of Viacom, (ii) shares of a new series of convertible exchangeable preferred stock, par value $.01 per share, of Viacom, (iii) CVRs (as defined in the Agreement) and (iv) Warrants (as defined in the Agreement) (collectively, the "Viacom Securities"). I would receive such securities in exchange for, respectively, shares (or options for shares) owned by me of common stock, par value $1.00 per share, of the Company (the "Company Securities").

I represent, warrant and covenant to Viacom that in the event I receive any Viacom Securities as a result of the Merger:

A. I shall not make any sale, transfer or other disposition of the Viacom Securities in violation of the Act or the Rules and Regulations.

B. I have carefully read this letter and the Agreement and discussed the requirements of such documents and other applicable limitations upon my ability to sell, transfer or otherwise dispose of Viacom Securities to the extent I felt necessary, with my counsel or counsel for the Company.

C. I have been advised that the issuance of Viacom Securities to me pursuant to the Merger has been registered with the Commission under the Act on a Registration Statement Form S-4. However, I have also been advised that, because at the time the Merger is submitted for a vote of the stockholders of the Company, (a) I may be deemed to be

an affiliate of the Company and (b) the distribution by me of the Viacom Securities has not been registered under the Act, I may not sell, transfer or otherwise dispose of Viacom Securities issued to me in the Merger unless (i) such sale, transfer or other disposition is made in conformity with the volume and other limitations of Rule 145 promulgated by the Commission under the Act, (ii) such sale, transfer or other disposition has been registered under the Act or (iii) in the opinion of counsel reasonably acceptable to Viacom, such sale, transfer or other disposition is otherwise exempt from registration under the Act.

D. I understand that Viacom is under no obligation to register the sale, transfer or other disposition of the Viacom Securities by me or on my behalf under the Act or to take any other action necessary in order to make compliance with an exemption from such registration available solely as a result of the Merger.

E. I also understand that there will be placed on the certificates for the Viacom Securities issued to me, or any substitutions therefor, a legend stating in substance:

"THE [SHARES] [RIGHTS] [WARRANTS] REPRESENTED BY THIS CERTIFICATE WERE ISSUED IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933 APPLIES. THE [SHARES] [RIGHTS] [WARRANTS] REPRESENTED BY THIS CERTIFICATE MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT DATED _____ BETWEEN THE REGISTERED HOLDER HEREOF AND VIACOM INC., A COPY OF WHICH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICES OF VIACOM INC."

F. I also understand that unless a sale or transfer is made in conformity with the provisions of Rule 145, or pursuant to a registration statement, Viacom reserves the right to put the following legend on the certificates issued to my transferee:

"THE [SHARES] [RIGHTS] [WARRANTS] REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND WERE ACQUIRED FROM A PERSON WHO RECEIVED SUCH SHARES IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933 APPLIES. THE [SHARES] [RIGHTS] [WARRANTS] HAVE BEEN ACQUIRED BY THE HOLDER NOT WITH A VIEW TO, OR FOR RESALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF WITHIN THE MEANING OF THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933."

It is understood and agreed that the legends set forth in paragraphs E and F above shall be removed by delivery of substitute certificates without such legend if the undersigned shall have delivered to Viacom a copy of a letter from the staff of the Commission, or an opinion of counsel reasonably satisfactory to Viacom in form and substance reasonably satisfactory to Viacom, to the effect that such legend is not required for purposes of the Act.

Execution of this letter should not be considered an admission on my part that I am an "affiliate" of the Company as described in the first paragraph of this letter, or as a waiver of any rights I may have to object to any claim that I am such an affiliate on or after the date of this letter.

Very truly yours,

Name:

Accepted this day of

, 1994, by

VIACOM INC.

By

Name:
Title:

VOTING AGREEMENT, dated as of January 21, 1994 (this "Agreement"), between NATIONAL AMUSEMENTS, INC., a Maryland corporation (the "Stockholder"), and PARAMOUNT COMMUNICATIONS INC., a Delaware corporation ("Paramount").

WHEREAS, Viacom Inc., a Delaware corporation ("Viacom"), and Paramount propose to enter into an Agreement and Plan of Merger, dated as of the date hereof (the "Merger Agreement"), which provides, among other things, that Paramount will merge with Viacom pursuant to the merger contemplated by the Merger Agreement (the "Merger");

WHEREAS, as of the date hereof, the Stockholder owns (i) 45,547,214 shares of Class A Common Stock, par value $.01 per share, of Viacom ("Viacom Class A Common Stock") and (ii) 46,565,414 shares of Class B Common Stock, par value $.01 per share, of Viacom ("Viacom Class B Common Stock"; together with the Viacom Class A Common Stock, the "Viacom Common Stock"); and

WHEREAS, as a condition to the willingness of Paramount to enter into the Merger Agreement, Paramount has required that the Stockholder agree, and in order to induce Paramount to enter into the Merger Agreement, the Stockholder has agreed, to enter into this Agreement with respect to all the shares of Viacom Class A Common Stock now owned and which may hereafter be acquired by the Stockholder (the "Shares").

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I

VOTING OF SHARES

SECTION 1.01. Voting Agreement. The Stockholder hereby agrees that during the time this Agreement is in effect, at any meeting of the stockholders of Viacom, however called, and in any action by consent of the stockholders of Viacom, the Stockholder shall vote the Shares: (a) in favor of the Merger, the Merger Agreement (as amended from time to time) and the transactions contemplated by the Merger Agreement, including, but not limited to, the amendments to the Certificate of Incorporation of Viacom contemplated thereby, and (b) against any proposal for any recapitalization, merger, sale of assets or other business

combination between Viacom and any person or entity (other than the Merger and any merger of Blockbuster Entertainment Corporation, a Delaware corporation ("Blockbuster"), with Viacom) or any other action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of Viacom under the Merger Agreement or which could result in any of the conditions to Viacom's obligations under the Merger Agreement not being fulfilled. The Stockholder acknowledges receipt and review of a copy of the Merger Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDER

The Stockholder hereby represents and warrants to Paramount as follows:

SECTION 2.01. Authority Relative to This Agreement. The Stockholder has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Stockholder and the consummation by the Stockholder of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of the Stockholder, and no other corporate proceedings on the part of the Stockholder are necessary to authorize this Agreement or to consummate such transactions. This Agreement has been duly and validly executed and delivered by the Stockholder and, assuming the due authorization, execution and delivery by Paramount, constitutes a legal, valid and binding obligation of the Stockholder, enforceable against the Stockholder in accordance with its terms.

SECTION 2.02. No Conflict. (a) The execution and delivery of this Agreement by the Stockholder do not, and the performance of this Agreement by the Stockholder shall not, (i) conflict with or violate the Certificate of Incorporation or By-laws or equivalent organizational documents of the Stockholder, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Stockholder or by which the Shares are bound or affected or (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the Shares pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Stockholder is a

party or by which the Stockholder or the Shares are 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 the performance by the Stockholder of its obligations under this Agreement.

(b) The execution and delivery of this Agreement by the Stockholder do not, and the performance of this Agreement by the Stockholder shall not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity (as such term is defined in the Merger Agreement) except for applicable requirements, if any, of the Securities Exchange Act of 1934, as amended, and except where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or delay the performance by the Stockholder of its obligations under this Agreement.

SECTION 2.03. Title to the Shares. As of the date hereof, the Stockholder is the record and beneficial owner of 45,547,214 shares of Viacom Class A Common Stock. Other than 46,565,414 shares of Viacom Class B Common Stock of which the Stockholder is the record and beneficial owner, such Shares are all the securities of Viacom owned, either of record or beneficially, by the Stockholder. The Shares are owned free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on the Stockholder's voting rights, charges and other encumbrances of any nature whatsoever (other than a voting agreement entered into in connection with the merger of Blockbuster and Viacom). The Stockholder has not appointed or granted any proxy, which appointment or grant is still effective, with respect to the Shares.

ARTICLE III

COVENANTS OF THE STOCKHOLDER

SECTION 3.01. No Inconsistent Agreements. The Stockholder hereby covenants and agrees that, except as contemplated by this Agreement and the Merger Agreement, the Stockholder shall not enter into any voting agreement or grant a proxy or power of attorney with respect to the Shares which is inconsistent with this Agreement (it being agreed that any voting agreement entered into in connection with a merger of Viacom and Blockbuster shall not be deemed to be inconsistent with this Agreement.)

SECTION 3.02. Transfer of Title. The Stockholder hereby covenants and agrees that the Stockholder shall not transfer record or beneficial ownership of any of the Shares unless the transferee agrees in writing to be bound by the terms and conditions of this Agreement.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Termination. This Agreement shall terminate upon the termination of the Merger Agreement.

SECTION 4.02. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity.

SECTION 4.03. Entire Agreement. This Agreement constitutes the entire agreement between Paramount and the Stockholder with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, between Paramount and the Stockholder with respect to the subject matter hereof.

SECTION 4.04. Amendment. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 4.05. 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 this Agreement 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 or 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 a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

SECTION 4.06. Governing Law. Except to the extent that the General Corporation Law of the State of Delaware is mandatorily applicable to the rights of the stockholders of Viacom, 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.

IN WITNESS WHEREOF, the Stockholder and Paramount have caused this Agreement to be duly executed on the date hereof.

NATIONAL AMUSEMENTS, INC.

By /s/ Sumner M. Redstone

Name: Sumner M. Redstone
Title: Chairman of the Board, President and Chief Executive Officer

PARAMOUNT COMMUNICATIONS INC.

By /s/ Donald Oresman

Name: Donald Oresman
Title: Executive Vice President, Chief Administrative Officer, General Counsel and Secretary

(BW) (VIACOM/PARAMOUNT) Viacom makes announcement

Business Editors

NEW YORK-(BUSINESS WIRE)- -In response to the announcement issued today by the Board of Directors of Paramount Communications Inc. (NYSE: PCI), Viacom Inc. (ASE: VIA and VIAB) issued the following statement:

We are pleased that Paramount has entered into a merger agreement with Viacom. We continue to believe that the combination of Viacom, Blockbuster and Paramount is in the best long-term interest of Paramount shareholders.

- -30- -cm/ny

CONTACT: Viacom Inc., New York
Raymond A. Boyce, 212/258-6530
or
Edelman
Elliot Sloane, 212/704-8126

[LOGO]
BANK OF AMERICA
BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
335 MADISON AVENUE NEW YORK, NEW YORK 10017

January 20, 1994

Mr. Gregory K. Fairbanks
Senior Vice President and
Chief Financial Officer
Blockbuster Entertainment Corporation
One Blockbuster Plaza
Fort Lauderdale, FL 33301-1860

Re: Acquisition of Capital Stock of Viacom Inc.

Dear Greg:

You have advised BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION ("Bank of America") that BLOCKBUSTER ENTERTAINMENT CORPORATION, a Delaware corporation ("Blockbuster") has offered to acquire shares of capital stock (the "Stock") of VIACOM INC., a Delaware corporation ("Viacom") for cash (the "Transaction") pursuant to a subscription agreement dated January 7, 1994 between Blockbuster and Viacom (the "Subscription Agreement") and contemporaneously executed a merger agreement with Viacom (the "Merger Agreement").

You have requested Bank of America to provide the financing (the "Financing") for the purchase of the Stock and related transaction costs in the form of a 364-day credit facility in the amount of $1,000,000,000 (the "Facility"). The obligations of Blockbuster under such Facility will be unsecured.

Bank of America is pleased to offer its commitment to provide the Financing on the terms and conditions set forth in the attached Amended and Restated Summary of Terms and Conditions.

Bank of America intends to syndicate part of its commitment to a group of financial institutions. Accordingly, Blockbuster shall be deemed hereby to have authorized BA Securities, Inc. ("BASI") to act as arranger and agent for the Facility. To assist BASI in its syndication efforts, you agree to provide upon its request all information reasonably deemed necessary by it to complete successfully the syndication. You further agree that the management of Blockbuster will make itself available for bank meetings at reasonable times and upon reasonable advance notice.

During the course of syndication, Blockbuster will undertake not to be in the bank debt markets to obtain additional financing which, in the reasonable opinion of BASI and Bank of America, would have a detrimental effect on the successful completion of its syndication efforts.

As consideration for Bank of America's commitment hereunder and BASI's and Bank of America's agreement to perform the services described herein in respect of the Facility, you confirm your agreement to pay the fees set forth in the fee letter dated January 7, 1994 (the "Fee Letter") and delivered with a commitment letter dated January 7, 1994, which letter is amended

and restated herein and superseded by this letter in its entirety (the "Commitment Letter").

Bank of America's commitment to provide the Financing is subject to the negotiation and execution of a definitive credit agreement (the "Credit Agreement") and other related documentation, reasonably satisfactory to Bank of America and BASI as to credit matters and to it and its counsel as to legal matters.

The attached Amended and Restated Summary of Terms and Conditions is intended as an outline of the principal terms and conditions of the Facility only, and does not purport to summarize all of the terms, conditions, covenants, representations and warranties, defaults, and other provisions, which will be contained in the Credit Agreement. The Credit Agreement will include applicable covenants and conditions substantially similar to those of that certain Credit Agreement dated as of December 22, 1993 among Blockbuster, its Designated Subsidiaries, Bank of America as Agent and the several financial institutions party thereto (the "December Facility") and other provisions customary for this type of financing transaction and that Bank of America and BASI may deem appropriate after they are afforded the opportunity to review information regarding the Transaction that is as yet unavailable.

Specifically, Bank of America's commitment and Bank of America's and BASI's obligations hereunder with respect to the Facility are subject to (i) the accuracy and completeness of the information concerning Blockbuster, the Transaction and the Subscription Agreement that is available or that has been or will be provided by you, and (ii) there being no material adverse change in the financial condition, business, operations or properties of Blockbuster since September 30, 1993, except as publicly disclosed on or prior to the date hereof.

You hereby agree to indemnify and hold harmless Bank of America and BASI and each director, officer, employee and affiliate thereof (each, an "indemnified person") from and against any and all losses, claims, damages, liabilities (or actions or other proceedings commenced or threatened in respect thereof) and expenses that arise out of, result from or in any way relate to the acquisition of the Stock by Blockbuster, the Subscription Agreement, the Merger Agreement (or any related document), this Commitment Letter, or the providing of the Facility or in any way arising from any use or intended use of any of the Financing, and to reimburse each indemnified person, upon its demand, for any legal or other expenses (including the

allocated cost of in-house counsel) incurred in connection with investigating, defending or participating in any such loss, claim, damage, liability or action or other proceeding (whether or not such indemnified person is a party to any action or proceeding out of which any such expenses arise), other than any of the foregoing claimed by any indemnified person to the extent incurred by reason of the gross negligence or willful misconduct of such person. Bank of America and BASI shall not be responsible or liable to you or any other person for any consequential damages which may be alleged as a result of this letter except if caused by its gross negligence and willful misconduct.

In addition, you hereby agree to reimburse Bank of America and BASI from time to time upon demand for their reasonable out-of-pocket costs and expenses (including, without limitation, legal fees and expenses including the allocated cost of in-house counsel, industry experts, and printing, reproduction, document delivery and communication) incurred in connection with the syndication of the Facility and the preparation, review, negotiation, execution and delivery of this Commitment Letter, the Amended and Restated Summary of Terms and Conditions, the Fee Letter and the Credit Agreement and related documents. Your obligations under this paragraph and the preceding paragraph shall survive any termination of this Commitment Letter and shall be effective regardless of whether the Credit Agreement is executed.

In connection with our commitment contained herein, you should be aware, and you hereby agree, that other entities with conflicting interests may also be (or may become at any time in the future) customers of ours, and that we may be providing financing or other services to them.

Bank of America and BASI are pleased to have the opportunity to work with you to complete the Transaction successfully. Please indicate your acceptance of this Commitment Letter by signing and returning the enclosed copy hereof no later than 11:59 p.m. EST on January 20, 1994 when, if not so accepted, Bank of America's commitment and Bank of America's and BASI's obligations hereunder will terminate. Our commitment and obligations hereunder will also terminate if the execution of the Credit Agreement does not occur by April 29, 1994.

This letter shall not be assignable by you without the prior written consent of Bank of America and BASI and may not be amended or waived except by a written instrument signed by Bank of America and BASI and you. It is intended solely for the benefit of the parties hereto except as otherwise mutually agreed and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto.

This letter and the attached Amended and Restated Summary of Terms and Conditions are confidential and, without our prior written consent, or pursuant to subpoena or other court process

or as otherwise required by law, may not be disclosed in whole or in part to any other person or entity, other than Blockbuster's or Viacom's affiliates, directors, officers, employees, agents, advisors and representatives who agree to be bound by the provisions set forth herein.

This letter may be signed in counterparts and shall be construed in accordance with and governed by the law of the State of New York.

Very truly yours,

BA SECURITIES, INC.

/s/ Keith C. Barnish

By: Keith C. Barnish
Managing Director

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

/s/ Charles S. Francaville

By: Charles S. Francaville
Senior Vice President

ACCEPTED AND AGREED TO this
20th day of January, 1994

BLOCKBUSTER ENTERTAINMENT CORPORATION

By: /s/ Gregory K. Fairbanks

Title: SVP, Treasurer & CFO

January 20, 1994

AMENDED AND RESTATED
SUMMARY OF TERMS AND CONDITIONS

BLOCKBUSTER ENTERTAINMENT CORPORATION
$1,000,000,000
TERM CREDIT FACILITY

Borrower:	Blockbuster Entertainment Corporation (the "Borrower" or "Blockbuster").
Arranger:	BA Securities, Inc. (the "Arranger").
Agent:	Bank of America National Trust and Savings Association (in its capacity as agent, the "Agent", and in its capacity as a Bank, "Bank of America").
Amount:	Up to $1,000,000,000. Bank of America has committed initially to provide the entire amount of the Facility but will at a later date syndicate the Facility among a group of banks designated in consultation with Blockbuster. All institutions participating in the financing, including Bank of America, are collectively referred to as the "Banks", or singularly as a "Bank".
Facility:	A 364-day term credit facility providing for one advance with interest periods of, subject to availability, up to 6 months (the "Facility"). Amounts borrowed and repaid may not be subsequently re-borrowed.
Availability:	In one drawing, not later than April 29, 1994.
Use of Proceeds:	To finance the acquisition of capital stock (the "Stock") of Viacom Inc. ("Viacom") pursuant to the Subscription Agreement dated January 7, 1994, as amended and in accordance with the conditions hereof (the "Subscription Agreement") and to pay related fees and expenses.
Final Maturity:	364 days after the date of signing of the Credit Agreement, but no later than March 31, 1995.
Minimum Advances:	Advances under the Facility shall be in a minimum principal amount of $5,000,000 ($2,5000,000 for Reference Rate advances) and

	in multiples of $1,000,000 in excess thereof and subject to appropriate notice.
Voluntary Reduction or Cancellation:	Upon five business days' notice, Blockbuster may reduce without penalty all or a portion of the Facility unutilized for advances, in minimum amounts of $5,000,000 and in multiples of $1,000,000 in excess thereof.
Voluntary Prepayment:	The Borrower may prepay at any time without penalty committed advances in minimum amounts of $5,000,000 ($2,500,000 for Reference Rate advances), subject to three business days' prior written notice (one business day's prior written notice for Reference Rate advances), provided that LIBOR advances prepaid at any time other than at maturity shall be subject to reimbursement of break-funding costs and related expenses, if any.
Commitment Fee:	A rate per annum of .25% for the period from January 7, 1994 until the date of the drawdown, calculated on a 365-day basis on the unutilized portion of the Facility and payable on the earlier to occur of (i) the date of the drawdown, (ii) April 29, 1994 and (iii) termination of the Facility.
Other Fees:	As set forth in the Fee Letter.
Interest:	Borrower shall have the option to choose between Reference Rate and LIBOR funding, with the per annum LIBOR interest margins during the first six months as outlined in the attached Pricing Grid; after six months, the LIBOR margin shall be 1.25% per annum. Reference Rate margin shall be zero. Reference Rate is defined as the higher of (i) the rate of interest publicly announced from time to time by the Bank of America in San Francisco, California as its Reference Rate, or (ii) 0.5% per annum above the Federal Funds Rate in effect on such day. Any change in the Reference Rate shall take effect at the opening of business on the date specified in the public announcement of such change, interest is to accrue based on a 365-day year and is to be paid in arrears quarterly and upon termination of the Facility.

LIBOR is defined as the average London interbank offered rate for 1-, 2-, 3-, or, if available, 6-month Eurodollar deposits as quoted by Bank of America or, after syndication of the Facility, Reference Banks (such banks to be designated), rounded upwards to the nearest 1/16%. Cost of reserves, if any actual cost applies, will be billed to the Borrower. Interest is to accrue based on a 360-day year and actual days elapsed and is to be paid at the end of each interest period and, if such period is longer than 3 months, at least every 3 months.

Default Rate: If any amount is not paid when due, all amounts then outstanding shall bear interest at a rate of 2% per annum above the relevant margin and base rate.

Assignments/
Participations: Bank of America may at any time with the prior approval of Blockbuster (which will not be unreasonably withheld) and the Agent, and after syndication, any Bank may at any time with prior approval of Blockbuster (which will not be unreasonably withheld) and the Agent (which will not be unreasonably withheld), assign all or a portion of its commitment under the Facility to other banking institutions (minimum assignment amounts of $10,000,000). In addition, each Bank shall have the right to grant participations in its commitment and outstandings without Blockbuster's or the Agent's approval.

Information Package: Blockbuster shall provide sufficient Information for the preparation of an information package to be distributed on a confidential basis to potential participating banks.

Documentation: The Facility shall be subject to the execution of a Credit Agreement reasonably satisfactory to all parties, based on the $1 Billion Amended and Restated Credit Agreement dated as of December 22, 1993 with Blockbuster (the "December Facility");
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including, without limitation, the following conditions and covenants:

Conditions to Advances
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1. Representations and warranties by Blockbuster relating to: the absence of a material adverse change since September 30, 1993, except as publicly disclosed on or prior to the date hereof; material compliance with all regulations and laws (including Regulations G, T, U and X); no defaults; and other matters similar to those set forth in the December Facility.

2. Guaranties and cross-guaranties of obligations under the Facility from each material Subsidiary of Blockbuster, except no guaranty from Spelling Entertainment Group Inc. shall be required.

3. The Subscription Agreement shall be in full force and effect and has not been materially amended without the consent of Bank of America. Blockbuster shall use the proceeds of the Financing to purchase the Stock in accordance with the terms of the Subscription Agreement.

4. Viacom shall have accepted for payment at least 50.1% of the outstanding shares of common stock of Paramount Communications Inc. ("Paramount").

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5. (a) There shall not exist any material claim, action, suit, investigation, litigation or proceedings pending or, to Blockbuster's knowledge, threatened, in any court or before any arbitration or governmental instrumentality, or any judgment, order, injunction or other restraint which has any reasonable likelihood of having a material adverse effect on the condition (financial or otherwise), operations, business or properties of Blockbuster and its Subsidiaries taken as a whole.

   (b) There shall not exist any judgment, order, injunction or other restraint prohibiting or imposing materially adverse conditions upon the purchase of the stock of Viacom pursuant to the Subscription Agreement or the making of the loans under the Facility.

6. All material governmental and third party consents and approvals necessary in connection with the Subscription Agreement shall have been obtained and remain in effect and all applicable waiting periods shall have expired.

Covenants
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1. Blockbuster to provide audited year-end consolidated financials and company-prepared quarterly consolidated financials. Blockbuster will also provide annual financial projections.

2. Additional guaranties and cross-guaranties of obligation under the Facility will be required from each material subsidiary of Blockbuster.

3. Cross-default provision on all existing and future debt of Blockbuster or its subsidiaries ($10,000,000 aggregate threshold for Blockbuster or any subsidiary).

4. Limitation on liens; with certain exceptions, including without limitation an exception for "other liens" not to exceed in aggregate 25% of Consolidated Net Worth.

5. No loans, advances or investments (other than investments in marketable securities) to third persons other than (i) the investment in Viacom pursuant to the Subscription Agreement, (ii) the loans disclosed to the Banks in connection with Spelling/Republic, (iii) other investments (other than, directly or indirectly, in Viacom or Paramount) not in excess of $150 million in the aggregate, (iv) transactions, the payment or consideration for which is common stock of Blockbuster, and (v) loans, advances, contributions and investments which Blockbuster is obligated to make on the date of this letter or becomes obligated to make hereafter pursuant to any agreement in existence on the date hereof.

6. Provisions as to mergers and substantial asset divestitures.

7. Change of Control provision.

8. Provisions pertaining to ERISA and environmental laws compliance.

9. Indemnities customary to credit agreements of this type, including without limitation increased costs, capital adequacy, and failure to borrow following notice.

10. LIBOR funding is subject to availability.

11. Customary provisions as to present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, other than net income taxes or franchise taxes, as applicable to this Facility, which shall be for the account of the Borrower.

12. Events of default customary to credit agreements of this type.

13. The definition of "Debt" will, without limitation, include guaranties of external obligations and exclude interest and currency swaps.

14. Should Blockbuster receive any cash payment with respect to its investment pursuant to the Subscription Agreement or should Viacom reduce Blockbuster's obligations to invest in Viacom, the proceeds shall be applied to reduce outstandings and/or the commitment under the Credit Agreement (in the case of the Subscription Agreement, on a pro rata basis with respect to similar loans under the December Facility).

Financial Covenants
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1. Interest and Rents Coverage covenant, such that the ratio of (i) consolidated earnings before interest, taxes and rents to (ii) consolidated interest and rents, shall not be less than 1.5 to 1 (tested quarterly for year-to-date).

2. Senior Debt to Capital shall not exceed a ratio of 0.50 to 1.

3. Total Debt to Capital shall not exceed a ratio of 0.60 to 1.

4. Net Worth shall not be less than $1,250,000,000 plus 50% of capital stock issued and 50% of consolidated net income (excluding net losses) earned subsequent to December 31, 1993.

5. Net Cash Flow Coverage covenant, such that the ratio of (i) consolidated net income, plus interest, depreciation, amortization and extraordinary losses, less additions to capitalized store pre-opening costs and extraordinary gains to (ii) purchases of PP&E and videocassettes (other than acquisitions and new store development) plus cash interest and cash dividends, shall not be less than 1.25 to 1.0 (tested quarterly trailing).

Governing Law: State of New York.

EXHIBIT A

BLOCKBUSTER ENTERTAINMENT CORPORATION
$1 Billion Term Loan

(in basis points)

Blockbuster Senior Unsecured LTD Rating(*)	Drawn Cost
Pricing Level 1:	
A-/A3 and above	LIBOR + 50
Pricing Level II:	
BBB+/Baa1 to BBB/Baa2	LIBOR + 62.5
Pricing Level III:	
BBB-/Baa3	LIBOR + 75
Pricing Level IV:	
BB+ and Ba1 or below	LIBOR + 100

Note: Commitment fee of 25 bp accruing upon acceptance.

(*) In the event of a split rating, the lower rating will determine the applicable pricing level; provided, however, that if one rating is at least BBB- or Baa3, and the other rating is BB+ or Ba1, Pricing Level III shall apply.

AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF DECEMBER 22, 1993

AMONG

BLOCKBUSTER ENTERTAINMENT CORPORATION,

THE DESIGNATED SUBSIDIARIES,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
AS AGENT,

BA SECURITIES, INC.,
AS ARRANGER,

AND

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

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AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT is entered into as of December 22, 1993, among BLOCKBUSTER ENTERTAINMENT CORPORATION, a Delaware corporation (the "Company"), the Designated Subsidiaries (as hereinafter defined) of the Company, the several financial institutions party to this Agreement (collectively, the "Banks"; individually, a "Bank"), Bank of America National Trust and Savings Association, as administrative agent for the Banks (the "Agent") and BA Securities, Inc., as Arranger.

WHEREAS, Company, the Designated Subsidiaries, the financial institutions party thereto (the Existing Banks") and the Agent are party to a Credit Agreement dated as of October 15, 1992 (the "1992 Credit Agreement");

WHEREAS, the Company has requested that the Banks enter into this Amended and Restated Credit Agreement for the purpose of increasing the Revolving Commitment, terminating the Obligations of Existing Banks which are not Banks party hereto (the "Non- Extending Banks"), adding certain new Banks and making certain amendments;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto hereby agree that from and after the Closing Date (as hereinafter defined), the 1992 Credit Agreement shall be amended and restated in its entirety as follows:

ARTICLE I
DEFINITIONS

1.01 Defined Terms. In addition to the terms defined elsewhere in this Agreement, the following terms have the following meanings:

"Absolute Rate" has the meaning specified in subsection 2.06(c).

"Absolute Rate Auction" means a solicitation of Competitive Bids setting forth Absolute Rates pursuant to Section 2.06.

"Absolute Rate Bid Loan" means a Loan by a Bank to the Company or a Designated Subsidiary that bears interest at a rate determined with reference to an Absolute Rate.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct

or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract or otherwise. Without limitation, any director, executive officer or beneficial owner of 10% or more of the equity of a Person shall for the purposes of this Agreement, be deemed to control the other Person. In no event shall any Bank be deemed an "Affiliate" of the Company or any Subsidiary of the Company.

"Agent" means Bank of America National Trust and Savings Association in its capacity as agent for the Banks hereunder, and any successor agent.

"Agent-Related Persons" has the meaning specified in Section 9.03.

"Agent's Payment Office" means the address for payments set forth on the signature page hereto in relation to the Agent or such other address as the Agent may from time to time specify in accordance with Section 10.02.

"Aggregate Commitment" means the combined Revolving Commitments of the Banks in the principal amount of $1,000,000,000, as such amount may be reduced from time to time pursuant to this Agreement.

"Agreement" means this Credit Agreement, as amended, supplemented or modified from time to time.

"Applicable Margin" means

(i) with respect to Reference Rate Committed Loans, zero percent (0%);

(ii) with respect to all outstanding CD Rate Committed Loans,

(A) if Level I Status exists on such day and outstandings are (i) equal to or less than $375 million dollars, .4375% or (ii) greater than $375 million dollars, .50%;

(B) if Level II Status exists on such day and outstandings are (i) equal to or less than $375 million dollars, .4375% or (ii) greater than $375 million dollars, .5625%;

(C) if Level III Status exists on such day and outstandings are (i) equal to or less than $375 million dollars, .5500% or (ii) greater than $375 million dollars, .6750%;

(D) if Level IV Status exists on such day and outstandings are (i) equal to or less than $375 million dollars. .6500% or (ii) greater than $375 million dollars, .7750%.

(iii) with respect to all outstanding Offshore Rate Committed Loans,

(A) if Level I Status exists on such day and outstandings are (i) equal to or less than $375 million dollars, .3125% or (ii) greater than $375 million dollars, .3750%;

(B) if Level II Status exists on such day and outstandings are (i) equal to or less than $375 million dollars, .3125% or (ii) greater than $375 million dollars, .4375%;

(C) if Level III Status exists on such day and outstandings are (i) equal to or less than $375 million dollars, .4250% or (ii) greater than $375 million dollars, .5500%;

(D) if Level IV Status exists on such day and outstandings are (i) equal to or less than $375 million dollars, .5250% or (ii) greater than $375 million dollars, .6500%.

"Arranger" means BA Securities, Inc. or a successor mutually agreed between BofA and the Company.

"Assignee" has the meaning specified in Section 10.08.

"Assignment and Acceptance" has the meaning specified in subsection 10.08(a).

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

"Bank Affiliate" means a Person engaged primarily in the business of commercial banking and that is a Subsidiary of a Bank or of a Person of which a Bank is a Subsidiary.

"Bid Borrowing" means a Borrowing hereunder consisting of one or more Absolute Rate Bid Loans made to the Company or a Designated Subsidiary on the same day by one or more Banks.

"Bid Loan Lender" means, in respect of any Absolute Rate Bid Loan, the Bank making such Loan to the Company or a Designated Subsidiary.

"Bid Notes" means those master promissory notes by the Company, executed by the Company or any Designated Subsidiary, to the order of each of the Banks, substantially in the form of Exhibit F.

"BofA" means Bank of America National Trust and Savings Association, a national banking association.

"Borrowing" means a borrowing hereunder, consisting of one or more Loans made to the Company or a Designated Subsidiary on the same day by the Banks or a Bank pursuant to Article II, and may be a Bid Borrowing or a Committed Borrowing, as applicable.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City or San Francisco are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Committed Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

"Capital" means the sum of all Indebtedness of the Company and its Subsidiaries plus Consolidated Net Worth.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Capital Lease Obligations" means all monetary obligations of the Company or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, is classified as a capital lease.

"Cash Equivalents" means:

(a) securities issued or fully guaranteed or insured by the United States Government or any agency thereof and backed by the full faith and credit of the United States having maturities of not more than six months from the date of acquisition;

(b) certificates of deposit, time deposits, Eurodollar time deposits, repurchase agreements, reverse repurchase agreements, or bankers' acceptances, having in each case a tenor of not more than six months, issued by any Bank, or by any U.S. commercial bank or any branch or

agency of a non-U.S. bank licensed to conduct business in the U.S. having combined capital and surplus of not less than $100,000,000 whose ultimate parent's short term securities are rated at least A-1 by S&P and P-1 by Moody's;

(c) commercial paper of an issuer rated at least A-1 by S&P and P-1 by Moody's and in either case having a tenor of not more than six months.

"CD Rate" means, for each Interest Period in respect of CD Rate Committed Loans comprising a part of the same Borrowing, the rate of interest (rounded upward to the nearest 1/100th of 1%) determined pursuant to the following formula:

$$\text{CD Rate} = \frac{\text{Certificate of Deposit Rate}}{1.00 - \text{Reserve Percentage}} + \text{Assessment Rate}$$

Where:

"Assessment Rate" means for any day of any Interest Period for CD Rate Committed Loans, the rate determined by the Agent as equal to the annual assessment rate in effect on such day that is payable to the FDIC by a member of the Bank Insurance Fund, that is classified as adequately capitalized and within supervisory subgroup "A" (or a comparable successor assessment risk classification within the meaning of 12 C.F.R. Section 327.3(d)) for insuring time deposits at offices of such member in the United States, or, in the event that the FDIC shall at any time hereafter cease to assess time deposits based upon such classifications or successor classifications, equal to the maximum annual assessment rate in effect on such day that is payable to the FDIC by commercial banks (whether or not applicable to the Banks) for insuring time deposits at offices of such banks in the United States.

"Certificate of Deposit Rate" means for any Interest Period for CD Rate Committed Loans the rate of interest determined by the Agent to be the average (rounded upward to the nearest 1/100th of 1%) of the rates notified to the Agent by each of the Reference Banks at 10:00 a.m. (New York time) on the first day of such Interest Period, of the rates of interest bid by two or more certificate of deposit dealers of recognized standing selected by such Reference Bank for the purchase at face value of certificates of deposit of such Reference Bank for a maturity comparable to such period and in the amount of the CD Rate Committed Loans to be made that day.

"Reserve Percentage" means for any Interest Period for CD Rate Committed Loans the maximum reserve percentage (expressed as a decimal, rounded upward to the nearest 1/100th of 1%), as determined by the Agent, in effect on the first day of such Interest Period (including, but not limited to, marginal, emergency, supplemental, special and other reserve percentages) prescribed by the Federal Reserve Board for determining the maximum reserves to be maintained by member banks of the Federal Reserve System with deposits exceeding $1,000,000,000 for new non-personal time deposits for a period comparable to such Interest Period and in an amount of $100,000 or more.

"CD Rate Committed Loan" means a Committed Loan that bears interest based on the CD Rate.

"CERCLA" has the meaning specified in the definition of "Environmental Laws."

"Change of Control" means that there is a report filed on Schedule 13D or 14D-1 (or any successor schedule, form or report) pursuant to the Exchange Act, disclosing that any person (for the purposes hereof only, as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13-d or any successor rule or regulation promulgated under the Exchange Act) of 50% or more of the then outstanding shares of common stock of the Company; provided, however, that a person shall not be deemed beneficial owner of, or to own beneficially, (A) any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's Affiliates until such tendered securities are accepted for purchase or exchange thereunder, or (B) any securities if such beneficial ownership (1) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of the Company, any Subsidiary, any employee stock ownership plan or any other employee benefit plan of the Company or any Subsidiary, or any person holding common stock of the Company for or pursuant to the terms of any such employee benefit plan, filing or becoming obligated to file a report under or in response to Schedule 13D or Schedule 14D-1 (or any successor schedule, form or report) under the Exchange Act disclosing beneficial ownership by it of shares of common stock of the Company, whether in excess of 50% or otherwise.

"Closing Date" means the date on which all conditions precedent set forth in Section 4.01 are satisfied or waived by all Banks.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

"Commitment Percentage" means, as to any Bank at any time, the percentage equivalent of such Bank's Revolving Commitment divided by the Aggregate Commitment of all the Banks.

"Committed Borrowing" means a Borrowing hereunder consisting of Committed Loans made on the same day by the Banks ratably according to their respective Commitment Percentages and, in the case of CD Rate Committed Loans and Offshore Rate Committed Loans, having the same Interest Periods.

"Committed Loan" means a Loan by a Bank to the Company or a Designated Subsidiary under Section 2.01, and shall be a CD Rate Committed Loan, an Offshore Rate Committed Loan or a Reference Rate Committed Loan.

"Competitive Bid" means an offer by a Bank to make an Absolute Rate Bid Loan in accordance with subsection 2.06(c).

"Competitive Bid Request" has the meaning specified in subsection 2.06(a).

"Company's Payment Office" means the address for payments set forth on the signature page hereto or such other instructions as the Company may from time to time specify in accordance with Section 10.02.

"Consolidated Interest Expense" means, for any period, gross consolidated interest expense for the period (including all commissions, discounts, fees and other charges in connection with standby letters of credit and similar instruments) for the Company and its Subsidiaries, plus the portion of the upfront costs and expenses for Rate Contracts (to the extent not included in gross consolidated interest expense) fairly allocated to such Rate Contracts as expenses for such period.

"Consolidated Net Worth" means, with respect to the Company and its Subsidiaries, the excess of consolidated total assets over consolidated total liabilities, excluding, however, from the determination of consolidated total assets (i) capital stock, obligations, or other securities of, or

capital contributions to, or investments in, any Subsidiary, to the extent otherwise included in the preparation of the financial statements which set forth the consolidated total assets of the Company and its Subsidiaries, and (ii) cash held in a sinking or other analogous fund contractually established for the purpose of redemption, retirement or prepayment of capital stock or Indebtedness.

"Consolidated Senior Debt" means all Indebtedness of the Company and its consolidated Subsidiaries other than (i) Subordinated Debt and (ii) Contingent Obligations relating to the amended and restated partnership agreement between The Westside Amphitheatre and Charlotte Amphitheater Corporation and YM Corp. dated as of December 1, 1993 in an amount not to exceed $50,000,000.

"Contingent Obligation" means, without duplication, as to any Person, (a) any Guaranty Obligation of that Person; and (b) any direct or indirect recourse obligation or liability, contingent or otherwise, of that Person, (i) in respect of any letter of credit or similar instrument issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings, (ii) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made if delivery of such materials, supplies or other property is not made or tendered, or such services are never performed or tendered, or (iii) incurred pursuant to any Rate Contract net of any payments due to that Person. The amount of any Contingent Obligation shall (subject, in the case of Guaranty Obligations, to the last sentence of the definition of "Guaranty Obligation") be deemed equal to the maximum reasonably anticipated liability in respect thereof.

"Contractual Obligations" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

"Controlled Group" means the Company and all Persons (whether or not incorporated) under common control or treated as a single employer with the Company pursuant to Section 414(b), (c), (m) or (o) of the Code.

"Conversion Date" means any date on which the Company converts a Reference Rate Committed Loan to an Offshore Rate Committed Loan or a CD Rate Committed Loan; a CD Rate Committed Loan to an Offshore Rate Committed Loan or a

Reference Rate Committed Loan; or an Offshore Rate Committed Loan to a CD Rate Committed Loan or a Reference Rate Committed Loan.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied) constitute an Event of Default.

"Designated Subsidiary" means any Subsidiary of the Company as to which an Election to Participate shall have been delivered to the Agent and as to which an Election to Terminate shall not have been delivered to the Agent. Each such Election to Participate and Election to Terminate shall be duly executed on behalf of such Subsidiary and the Company in such number of copies as the Agent may request. The delivery of an Election to Terminate shall not affect any Obligation of a Designated Subsidiary theretofore incurred. The Agent shall promptly give notice to the Banks of the receipt of any Election to Participate or Election to Terminate.

"Dollars", "dollars" and "$" each mean lawful money of the United States.

"Domestic Dollar Loans" means CD Rate Committed Loans and Reference Rate Committed Loans, collectively.

"Domestic Lending Office" means, with respect to each Bank, the office of that Bank designated as such in the signature pages hereto or such other office of the Bank as it may from time to time specify to the Company and the Agent.

"Domestic Parent" means with respect to a foreign Material Subsidiary, the domestic Subsidiary which most directly owns such foreign Material Subsidiary.

"Election to Participate" means an Election to Participate by a Designated Subsidiary, substantially in the form of Exhibit C hereto.

"Election to Terminate" means an Election to Terminate by a Designated Subsidiary, substantially in the form of Exhibit D hereto.

"Eligible Assignee" means (i) a commercial bank organized under the laws of the United States, or any state thereof, and having total assets of at least $10,000,000,000; (ii) a commercial bank organized under the laws of any other country or a political subdivision of any such country, and having total assets of at least $10,000,000,000, provided that such bank is acting through a branch or agency located in the

United States; and (iii) any Bank Affiliate which meets the qualifications of (i) and (ii) above.

"Environmental Claims" means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law or for release or injury to the environment or threat to public health, personal injury (including sickness, disease or death), property damage, natural resources damage, or otherwise alleging liability or responsibility for damages (punitive or otherwise), cleanup, removal, remedial or response costs, restitution, civil or criminal penalties, injunctive relief, or other type of relief, resulting from or based upon (a) the presence, placement, discharge, emission or release (including intentional and unintentional, negligent and non-negligent, sudden or non-sudden, accidental or non-accidental placement, spills, leaks, discharges, emissions or releases) of any Hazardous Material at, in, or from Property, whether or not owned by the Company, or (b) any other circumstances forming the reasonable basis of any violation, or alleged violation, of any Environmental Law.

"Environmental Laws" means all Federal, State or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters; including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Solid Waste Disposal Act, the Federal Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Emergency Planning and Community Right-to-Know Act, the California Hazardous Waste Control Law, the California Solid Waste Management, Resource, Recovery and Recycling Act, the California Water Code and the California Health and Safety Code.

"Environmental Lien" means a lien in favor of any Governmental Authority for (i) any liability under any environmental or health and safety Requirement of Law, or (ii) damages arising from, or costs incurred by such Governmental Authority in response to, a release or threatened release of Hazardous Materials into the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b), 414(c) or 414(m) of the Code.

"ERISA Event" means (a) a Reportable Event with respect to a Qualified Plan or a Multiemployer Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Qualified Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA); (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan; (d) a failure by the Company or any member of the Controlled Group to make required contributions to a Qualified Plan or Multiemployer Plan; (e) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate; (f) an application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code with respect to any Plan; or (g) a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary or disqualified person with respect to any Plan for which the Company or any member of the Controlled Group may be directly or indirectly liable.

"Estimated Remediation Cost" means all costs associated with performing work to remediate contamination of real property or groundwater, including engineering and other professional fees and expenses, costs to remove, transport and dispose of contaminated soil, costs to "cap" or otherwise contain contaminated soil, and costs to pump and treat water and monitor water quality.

"Event of Default" means any of the events or circumstances specified in Section 8.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and regulations promulgated thereunder.

"Existing Bid Loan" means a Bid Loan outstanding under the 1992 Credit Agreement.

"Federal Funds Rate" means the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day of determination (or if such day of determination is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such

transaction received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System or any successor thereof.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other practices as may be in general use by significant segments of the U.S. accounting profession, which are applicable to the circumstances as of the date of determination.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guarantor" means the Company and each domestic Material Subsidiary of the Company and such foreign Material Subsidiary which shall have delivered a guaranty pursuant to Section 6.11.

"Guaranty Obligation" means, without duplication, as applied to any Person, any direct or indirect recourse liability of that Person with respect to any Indebtedness, capital lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person, whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof. The amount of any Guaranty Obligation shall be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if

indeterminable, the maximum reasonably anticipated liability in respect thereof.

"Hazardous Materials" means all those substances which are regulated by, or which form the basis of liability under, any Environmental Law, including all substances identified under any Environmental Law as a pollutant, contaminant, hazardous waste, hazardous constituent, special waste, hazardous substance, hazardous material, or toxic substance, asbestos or petroleum or petroleum derived substance or waste.

"Indebtedness" means, with respect to any Person, without duplication, (i) indebtedness for borrowed money or for the deferred purchase price of property or services, (ii) obligations as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases, (iii) Contingent Obligations of the kinds referred to in clause (i) or (ii) above or in respect of any letter of credit or similar instrument, but shall in no event include Rate Contracts, and (iv) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Indemnified Person" has the meaning specified in subsection 10.05.

"Indemnified Liabilities" has the meaning specified in subsection 10.05.

"Insolvency Proceeding" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case (a) and (b) undertaken under U.S. Federal, State or foreign law.

"Interest Payment Date" means, with respect to any CD Rate Committed Loan, Offshore Rate Committed Loan, or Absolute Rate Bid Loan, the last day of each Interest Period applicable to such Loan and, with respect to Reference Rate Committed Loans, the last Business Day of each calendar quarter and each date a Reference Rate Committed Loan is converted into an Offshore Rate Committed Loan or a CD Rate Committed Loan, provided, however, that if any Interest Period for a CD Rate Committed Loan or Offshore Rate Committed Loan exceeds 90 days or three months, respectively, the date which falls 90 days or three months after the beginning of such Interest Period shall also be an "Interest Payment Date".

"Interest Period" means, (a) with respect to any Offshore Rate Committed Loan, the period commencing on the Business Day the Loan is disbursed or continued or on the Conversion Date on which the Loan is converted to the Offshore Rate Committed Loan and ending on the date one, two, three or six months thereafter, as selected by the Company or a Designated Subsidiary in its Notice of Borrowing, Notice of Conversion/Continuation or Competitive Bid Request; (b) with respect to any CD Rate Committed Loan, the period commencing on the Business Day the CD Rate Committed Loan is disbursed or continued or on the Conversion Date on which a Loan is converted to the CD Rate Committed Loan and ending 30, 60, 90 or 180 days thereafter, as selected by the Company in its Notice of Borrowing or Notice of Conversion/Continuation; and (c) with respect to any Absolute Rate Bid Loan, a period of not less than 7 days and not more than 183 days as selected by the Company in its Competitive Bid Request commencing on the date of the funding;

provided that:

(i) if any Interest Period pertaining to an Offshore Rate Committed Loan or CD Rate Committed Loan would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless, in the case of an Offshore Rate Committed Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period pertaining to an Offshore Rate Committed Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period for any Loan shall extend beyond the Revolving Termination Date.

"Invitation for Competitive Bids" means a solicitation for Competitive Bids, substantially in the form of Exhibit H.

"Lending Office" means, with respect to any Bank, the office or offices of the Bank specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, opposite its name on the signature pages hereto, or such other office or offices of the

Bank as it may from time to time specify to the Company, the Designated Subsidiaries and the Agent.

"Level I Status" exists at any date if, at such date the Company's Public Debt Rating is rated A- or higher (or the equivalent) as publicly announced by S&P and A3 or higher (or the equivalent) as publicly announced by Moody's.

"Level II Status" exists at any date if, at such date (i) the Company's Public Debt Rating is rated BBB+ or BBB or higher (or the equivalent) as publicly announced by S&P and Baa1 or Baa2 or higher (or the equivalent) as publicly announced by Moody's and (ii) Level I Status does not exist.

"Level III Status" exists at any date if, at such date (i) the Company's Public Debt Rating is rated BBB- or higher (or the equivalent) as publicly announced by S&P and Baa3 or higher (or the equivalent) as publicly announced by Moody's and (ii) Level I Status and Level II Status do not exist.

"Level IV Status" exists at any date if, at such date (i) the Company's Public Debt Rating is rated BB+ or lower (or the equivalent) as publicly announced by S&P or Ba1 or lower (or the equivalent) as publicly announced by Moody's.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease Obligation, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the UCC or any comparable law) and any other agreement to provide any the foregoing.

"Loan" means an extension of credit by a Bank to the Company or a Designated Subsidiary pursuant to Article II, and may be a Committed Loan or an Absolute Rate Bid Loan.

"Loan Documents" means this Agreement and all documents hereafter delivered to the Agent, including guaranties and pledge agreements, in connection therewith.

"Majority Banks" means, at any time, Banks holding more than 50% of the Revolving Commitments, provided, that if the Revolving Commitments have been terminated in full, "Majority Banks" shall mean Banks holding more than 50% of the then aggregate unpaid principal amount of the Loans.

"Material Adverse Effect" means a material adverse change in, or a material adverse effect upon, any of (a) the business, results of operations or financial condition of the Company and its Subsidiaries taken as a whole; or (b) the legality, validity, binding effect or enforceability of any Loan Document.

"Material Subsidiary" means any Subsidiary of the Company, the assets of which represent 10% or more of the consolidated assets of the Company and its Subsidiaries.

"Multiemployer Plan" means a "multiemployer plan" (within the meaning of Section 4001(a)(3) of ERISA) and to which any member of the Controlled Group makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

"Moody's" means Moody's Investors Service, Inc.

"Net Cash Flow" means, for any period, the sum of (i) consolidated net income (or net loss, as the case may be) of the Company and its Subsidiaries during such period, minus (ii) additions to capitalized store pre-opening costs during such period, plus (iii) amounts which in the determination of net income for such period have been deducted for depreciation, amortization and interest expense. The calculation of net income with respect to any period shall be made without giving effect to any extraordinary gains or losses (as such gains and losses are defined under GAAP) arising during such period.

"Notice of Borrowing" means a notice given by the Company or a Designated Subsidiary to the Agent pursuant to Section 2.03, in substantially the form of Exhibit A.

"Notice of Conversion/Continuation" means a notice given by the Company or a Designated Subsidiary to the Agent pursuant to Section 2.04, in substantially the form of Exhibit B.

"Notice of Lien" means any "notice of lien" or similar document intended to be filed or recorded with any court, registry, recorder's office, central filing office or other Governmental Authority for the purpose of evidencing, creating, perfecting or preserving the priority of a Lien securing obligations owing to a Governmental Authority.

"Obligations" means all Loans, and other Indebtedness, advances, debts, liabilities, obligations, covenants and duties owing by the Company or any Designated Subsidiary to any Bank, the Agent, or any Indemnified Person, of any kind or

nature, present or future, whether or not evidenced by any note, guaranty or other instrument, arising under this Agreement, under any other Loan Document, or in respect of any Rate Contract, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired.

"Offshore Lending Office" means with respect to each Bank, the office of such Bank designated as such in the signature pages hereto or such other office of such Bank as such Bank may from time to time specify to the Company, the Designated Subsidiaries and the Agent.

"Offshore Rate" means, for any Interest Period for Offshore Rate Committed Loans comprising the same Borrowing, the rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16th of 1%) of the rates of interest per annum notified to the Agent by each Reference Bank as the rate at which dollar deposits for such Interest Period and in an amount comparable to the amount of the Offshore Rate Committed Loan of such Reference Bank during such Interest Period would be offered by its Offshore Lending Office to major banks in the London eurodollar market at or about 11:00 a.m. (London time) on the second Business Day before the first day of such Interest Period.

"Offshore Rate Committed Loan" means any Committed Loan that bears interest at a rate determined with reference to the Offshore Rate.

"Organization Documents" means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation.

"Other Taxes" has the meaning specified in subsection 3.01(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Participant" has the meaning specified in subsection 10.08(d).

"Permitted Liens" has the meaning specified in Section 7.01.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Company or any member of the Controlled Group sponsors or maintains or to which the Company or any member of the Controlled Group makes, is making or is obligated to make contributions.

"Pledgor" means each Material Subsidiary that has delivered a pledge agreement pursuant to Section 6.11.

"Property" means any estate or interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"Public Debt Rating" means, as of any date, the lowest rating that has been most recently announced by S&P or Moody's, as the case may be, for any class of long-term senior unsecured debt issued by the Company. For the purposes of the foregoing, (a) if no Public Debt Rating shall be available from either S&P or Moody's, the level will be set in accordance with Level IV Status; (b) if only one of S&P or Moody's shall have in effect a Public Debt Rating, the level shall be determined by reference to the available rating; (c) if the ratings established by S&P and Moody's shall fall within different levels, the level shall be based upon the lower rating; provided, however,that if one rating is at least BBB- or Baa3 and the other rating is BB+ or Ba1, Level III Status shall apply; and (d) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of such date on which such change is first announced publicly by the rating agency making such change.

"Qualified Plan" means a pension plan (as defined in Section 3(2) of ERISA) intended to be tax-qualified under Section 401(a) of the Code which is subject to Section 412 of the Code and which any member of the Controlled Group sponsors, maintains, or to which it makes, is making or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding period covering at least five (5) plan years, but excluding any Multiemployer Plan.

"Rate Contracts" means interest rate and currency swap agreements, cap, floor and collar agreements, interest rate insurance, currency spot and forward contracts and other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates.

"Reference Banks" means BofA, Citibank, N.A., The Bank of Tokyo, Ltd. and Westdeutsche Landesbank Gironzentrale. Subject to Section 3.05, in the event that at any time of determination any two Banks designated as "Reference Banks" are providing rates for deposits referred to in the definition of "CD Rate" or "Offshore Rate", those two Banks shall be the "Reference Banks" or, if only one such Bank is providing such rates, that Bank shall be the "Reference Bank" for purposes of this Agreement.

"Reference Rate" means the higher of:

(a) the rate of interest publicly announced from time to time by BofA in San Francisco, California, as its reference rate. It is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate; and

(b) 1/2% per annum above the latest Federal Funds Rate.

Any change in the reference rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change.

"Reference Rate Committed Loan" means a Committed Loan that bears interest based on the Reference Rate.

"Rents" means rental payments pursuant to any operating lease between the Company or any Subsidiary and any real estate lessor.

"Reportable Event" means, as to any Plan, (a) any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC, (b) a withdrawal from a Plan described in Section 4063 of ERISA, or (c) a cessation of operations described in Section 4062(e) of ERISA.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Responsible Officer" means the vice chairman, chief executive officer, the president, chief financial officer or

treasurer of the Company, a Designated Subsidiary, or a Guarantor or any other officer having substantially the same authority and responsibility.

"Revolving Commitment", with respect to each Bank, has the meaning specified in subsection 2.01.

"Revolving Termination Date" means the earlier to occur of

(a) the earlier of (i) forty months from the Closing Date and (ii) April 30, 1997; and

(b) the date on which the Revolving Commitments shall terminate in accordance with the provisions of this Agreement.

"SEC" means the Securities and Exchange Commission, or any successor thereto.

"S&P" means Standard & Poor's Corporation.

"Subordinated Debt" means, unsecured Indebtedness of the Company or a Subsidiary which is subordinated in right of payment to the Obligations.

"Subsidiary" of a Person means any corporation, association, partnership, joint venture or other business entity of which at least 50% of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof.

"Taxes" has the meaning specified in subsection 3.01(a).

"Total Debt" means the aggregate of all Indebtedness of the Company, including Subordinated Debt.

"Transferee" has the meaning specified in subsection 10.08(e).

"UCC" means the Uniform Commercial Code as in effect in any jurisdiction.

"Unfunded Pension Liabilities" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used by the Plan's actuaries for funding the Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." each means the United States of America.

"Withdrawal Liabilities" means, as of any determination date, the aggregate amount of the liabilities, if any, pursuant to Section 4201 of ERISA if the Controlled Group made a complete withdrawal from all Multiemployer Plans and any increase in contributions pursuant to Section 4243 of ERISA.

1.02 Other Definitional Provisions.

(a) Defined Terms. Unless otherwise specified herein or therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms.

(b) The Agreement. The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and section, schedule and exhibit references are to this Agreement unless otherwise specified.

(c) Certain Common Terms.

(i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(d) Performance; Time. Whenever any performance obligation hereunder (other than a payment obligation) shall be stated to be due or required to be satisfied on a day other than a Business Day, such performance shall be made or satisfied on the next succeeding Business Day. In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding," and the word "through" means "to and including". If any provision of this Agreement refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision shall be interpreted to encompass any and all means, direct or indirect, of taking, or not taking, such action.

(e) Contracts. Unless otherwise expressly provided herein, references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and

other modifications are not prohibited by the terms of any Loan Document.

(f) Laws. References to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation.

(g) Captions. The captions and headings of this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

1.03 Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II
THE CREDITS

2.01 Amounts and Terms of Commitments. Each Bank severally agrees, on the terms and conditions hereinafter set forth, to make Committed Loans to the Company and the Designated Subsidiaries from time to time on any Business Day during the period from the Closing Date to the Revolving Termination Date, in an aggregate amount not to exceed at any time outstanding the amount set forth opposite the Bank's name in Schedule 2.01 under the heading "Revolving Commitment" (such amount as the same may be reduced pursuant to Section 2.07 or as a result of one or more assignments pursuant to Section 10.08, the Bank's "Revolving Commitment"); provided, however, that, after giving effect to any Borrowing of Committed Loans, the aggregate principal amount of all outstanding Committed Loans together with the aggregate principal amount of all outstanding Absolute Rate Bid Loans and Existing Bid Loans shall not exceed the Aggregate Commitment and provided that no Bank shall be obliged to make a Loan, if the Interest Period would extend beyond the Revolving Termination Date. Within the limits of each Bank's Revolving Commitment, and subject to the other terms and conditions hereof, the Company and the Designated Subsidiaries may borrow under this subsection 2.01, prepay pursuant to Section 2.07 and reborrow pursuant to this subsection 2.01.

2.02 Loan Accounts.

(a) The Committed Loans made by each Bank shall be evidenced by one or more loan accounts maintained by such Bank in the ordinary course of business and not, except pursuant to Section 10.08, by promissory notes. The loan accounts maintained by the Agent and each Bank shall be conclusive, absent manifest error, of the amount of the Committed Loans made by the Banks to the Company and the interest and payments thereon. Any failure to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company and the Designated Subsidiaries hereunder to pay any amount owing with respect to the Committed Loans. In the case of any dispute, action or proceeding relating to any amount payable hereunder, the entries in each such account shall constitute conclusive evidence of the accuracy of the information so recorded. In case of a discrepancy between the entries in the Agent's books and any Bank's books, such Bank's books shall be considered correct in the absence of manifest error.

(b) The Absolute Rate Bid Loans made by each Bank shall be evidenced by a Bid Note payable to the order of such Bank. Each Bank shall endorse on the schedules annexed to its Bid Note the date, amount and maturity of each Absolute Rate Bid Loan made by it and the amount of each payment of principal made by the Company or a Designated Subsidiary with respect

thereto. Each Bank is irrevocably authorized by the Company to endorse its Bid Note and each Bank's record shall constitute prima facie evidence of the accuracy of the information so recorded; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Absolute Rate Bid Loan shall not limit or otherwise affect the obligations of the Company or any Designated Subsidiary hereunder or under any such Bid Note to such Bank.

2.03 Procedure for Committed Borrowings.

(a) Each Committed Borrowing by the Company or a Designated Subsidiary shall be requested (which request shall be irrevocable) by a telephone call to the Agent followed promptly by facsimile transmission by the Company or a Designated Subsidiary of a Notice of Borrowing in substantially the form ofExhibit A (which notice must be received by the Agent prior to 11:00 a.m. (New York time) (i) three Business Days prior to the requested borrowing date, in the case of Offshore Rate Committed Loans; (ii) two Business Days prior to the requested borrowing date, in the case of CD Rate Committed Loans, and (iii) one Business Days prior to the requested borrowing date, in the case of Reference Rate Committed Loans, except as otherwise set forth in Section 2.06, specifying:

(A) the amount of the Committed Borrowing, which shall be in an aggregate minimum principal amount of $5,000,000 ($2,500,000 for Reference Rate Loans) or in an integral multiple of $1,000,000 in excess thereof;

(B) the requested borrowing date, which shall be a Business Day;

(C) whether the Committed Borrowing is to be comprised of Offshore Rate Committed Loans, CD Rate Committed Loans or Reference Rate Committed Loans;

(D) the duration of the Interest Period applicable to such Loans included in such notice subject to the provisions of the definition of Interest Period. If the Notice of Borrowing shall fail to specify the duration of the Interest Period for any Committed Borrowing comprised of CD Rate Committed Loans or Offshore Rate Committed Loans, such Interest Period shall be 30 days or one month, respectively.

(b) Upon receipt of the Notice of Borrowing, the Agent will promptly, but no later than the close of business (New York time) on the day of such notice, notify each Bank thereof and of the amount such Bank's Commitment Percentage of the Borrowing.

(c) Each Bank will make the amount of its Commitment Percentage of the Committed Borrowing available to the Agent for the account of the Company or the Designated Subsidiary at the Agent's Payment Office by 11:00 a.m. (New York time) on the borrowing date requested by the Company or a Designated Subsidiary in funds immediately available to the Agent. Unless any applicable condition specified in Article IV has not been satisfied, the proceeds of all such Loans will then be made available to the Company or a Designated Subsidiary by the Agent at the Company's Payment Office no later than 1:00 p.m. (New York time) by crediting the account of the Company or a Designated Subsidiary with the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent.

(d) Unless the Majority Banks shall otherwise agree, during the existence of a Default or Event of Default, the Company may not have a Committed Loan converted into or continued as, an Offshore Rate Committed Loan or a CD Rate Committed Loan.

(e) After giving effect to any Borrowing, there shall not be more than 15 different Interest Periods in effect in respect of all Committed Loans.

2.04 Conversion and Continuation Elections for Committed Borrowings.

(a) The Company or a Designated Subsidiary may upon irrevocable written notice to the Agent in accordance with subsection 2.04(b):

(i) elect to convert on any Business Day, any Reference Rate Committed Loans (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof) into Offshore Rate Committed Loans or CD Rate Committed Loans;

(ii) elect to convert at the end of any Interest Period any Offshore Rate Committed Loans or CD Rate Committed Loans payable on such date (or any part thereof in an amount not less than $2,500,000 into Reference Rate Committed Loans (assuming the balance of any such Committed Loans are simultaneously repaid);

(iii) elect to convert at the end of any Interest Period any Offshore Rate Committed Loans or CD Rate Committed Loans payable on such date (or any part thereof in an amount not less than $5,000,000 or that is in an integral multiple of $1,000,000 in excess thereof) into CD Rate Committed Loans, or Offshore Rate Committed Loans, as the case may be; or

(iv) elect to continue at the end of any Interest Period any Offshore Rate Committed Loans or CD Rate Committed Loans payable on such date (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof);

provided, that if the aggregate amount of CD Rate Committed Loans or Offshore Rate Committed Loans shall have been reduced, by payment, prepayment, or conversion of part thereof to be less than $1,000,000, the CD Rate Committed Loans or Offshore Rate Committed Loans shall automatically convert into Reference Rate Committed Loans, and on and after such date the right of the Company or a Designated Subsidiary to continue such Loans as Offshore Rate Committed Loans or CD Rate Committed Loans, as the case may be, shall terminate.

(b) The Company or a Designated Subsidiary shall call the Agent, followed promptly by telex, cable or facsimile of a Notice of Conversion/Continuation substantially in the form of Exhibit B to be received by the Agent not later than 11:00 a.m. (New York time) at least (i) three Business Days in advance of the Conversion Date or continuation date, if the Committed Loans are to be converted into or continued as Offshore Rate Committed Loans; (ii) two Business Days in advance of the Conversion Date or continuation date, if the Loans are to be converted into or continued as CD Rate Committed Loans; and (iii) one Business Day in advance of the Conversion Date or continuation date, if the Loans are to be converted into Reference Rate Committed Loans, specifying:

(A) the proposed Conversion Date or continuation date;

(B) the aggregate amount of Committed Loans to be converted or renewed;

(C) the nature of the proposed conversion or continuation; and

(D) the duration of the Interest Period applicable to such Loans included in such notice subject to the provisions of the definition of Interest Period. If the Notice of Conversion/Continuation shall fail to specify the

duration of the Interest Period for any Committed Borrowing comprised of CD Rate Committed Loans or Offshore Rate Committed Loans, such Interest Period shall be 30 days or one month, respectively.

(c) If upon the expiration of any Interest Period applicable to CD Rate Committed Loans or Offshore Rate Committed Loans, the Company or Designated Subsidiary has failed to select a new Interest Period to be applicable to such CD Rate Committed Loans or Offshore Rate Committed Loans, as the case may be, or if any Default or Event of Default shall then exist, the Company or Designated Subsidiary shall be deemed to have elected to convert such CD Rate Committed Loans or Offshore Rate Committed Loans into Reference Rate Committed Loans effective as of the expiration date of such current Interest Period.

(d) Upon receipt of a Notice of Conversion/ Continuation, the Agent will promptly, no later than the same day, notify each Bank thereof, or, if no timely notice is provided, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made pro rata according to the respective outstanding principal amounts of the Committed Loans with respect to which the notice was given held by each Bank.

(e) After giving effect to any conversion or continuation of any Loans, there shall not be more than 15 different Interest Periods in effect in respect of all Committed Loans.

2.05 Bid Borrowings. In addition to Committed Borrowings pursuant to Section 2.03, each Bank severally agrees that the Company or any Designated Subsidiary may, as set forth in Section 2.06, from time to time request the Banks prior to the Revolving Termination Date to submit offers to make Absolute Rate Bid Loans to the Company or such Designated Subsidiary; provided, however, that the Banks may, but shall have no obligation to, submit such offers and the Company or such Designated Subsidiary may, but shall have no obligation to, accept any such offers; and provided, further, that at no time shall the outstanding aggregate principal amount of all Absolute Rate Bid Loans made by all Banks, plus the outstanding aggregate principal amount of all Committed Loans made by all Banks exceed the Aggregate Commitment.

2.06 Procedure for Bid Borrowing.

(a) When the Company or any Designated Subsidiary wishes to request the Banks to submit offers to make Absolute Rate Bid Loans hereunder, it shall call the Agent (followed promptly by facsimile transmission of a notice in

substantially the form ofExhibit G (a "Competitive Bid Request")) so as to be received no later than 11:00 a.m. (New York time) one Business Day prior to the date of a proposed Bid Borrowing in the case of an Absolute Rate Auction, specifying:

(i) the date of such Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Borrowing, which shall be a minimum amount of $5,000,000 or in an integral multiple of $1,000,000 in excess thereof; and

(iii) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period."

Subject to subsection 2.06(c), the Company or the Designated Subsidiaries may not request Competitive Bids for more than four Interest Periods.

(b) Upon receipt of a Competitive Bid Request, the Agent will promptly, no later than the same day by the close of business (New York time), send to the Banks by telex or facsimile transmission an Invitation for Competitive Bids, which shall constitute an invitation by the Company or such Designated Subsidiary to each Bank to submit Competitive Bids offering to make the Absolute Rate Bid Loans to which such Competitive Bid Request relates in accordance with this Section 2.06.

(c) (i) Each Bank may at its discretion submit a Competitive Bid containing an offer or offers to make Absolute Rate Bid Loans in response to any Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this subsection 2.06(c) and must be submitted to the Company or such Designated Subsidiary by telex or facsimile transmission at the Company's or such Designated Subsidiary's office for notices set forth on the signature pages hereto or in its Notice of Election, as appropriate, not later than 9:30 a.m. (New York time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction.

(ii) Each Competitive Bid shall be in substantially the form of Exhibit I, specifying therein:

(A) the proposed date of Borrowing;

(B) the principal amount of each Absolute Rate Bid Loan for which such Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the Revolving Commitment of the quoting Bank, (y) must be not less than $1,000,000 and in multiples of $100,000 in excess thereof, and (z) may not exceed the principal amount of Absolute Rate Bid Loans for which Competitive Bids were requested;

(C) the minimum (which must not be less than $1,000,000 and multiples of $100,000) and maximum amount of each Absolute Rate Bid Loan which such Bank would be willing to make as part of such Borrowing;

(D) the rate of interest per annum (rounded upward to the nearest 1/100th of 1%) (the "Absolute Rate") offered for each such Absolute Rate Bid Loan; and

(E) the identity of the quoting Bank.

A Competitive Bid may contain up to four separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Competitive Bids.

(iii) Any Competitive Bid shall be disregarded if it:

(A) is not substantially in conformity with Exhibit I or does not specify all of the information required by subsection (c)(ii) of this Section;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bids; or

(D) arrives after the time set forth in subsection (c)(i).

(d) Subject only to the provisions of Sections 3.02, 3.05 and 4.02 hereof, any Competitive Bid shall be irrevocable except with the written consent of the Agent given on the written instructions of the Company or the Designated Subsidiary.

(e) Not later than 10:30 a.m. (New York time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Company or the Designated Subsidiary shall notify the Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection 2.06(c). The Company or the Designated Subsidiary shall be under no obligation to accept any offer and may choose to reject all offers. In the case of acceptance, such notice shall specify the aggregate principal amount of offers for each Interest Period that is accepted as well as the ranges of bids submitted for each Interest Period requested and the bids accepted for each Interest Period as well as the Bid Loan Lender's name for each Absolute Rate Bid Loan accepted. The Company or the Designated Subsidiary may accept any Competitive Bid in whole or in part provided that:

(i) the aggregate principal amount of each Bid Borrowing may not exceed the applicable amount set forth in the related Competitive Bid Request;

(ii) the principal amount of each Bid Borrowing must be not less than $1,000,000 or in an integral multiple of $100,000 in excess thereof;

(iii) acceptance of offers may only be made on the basis of ascending Absolute Rates within each Interest Period; and

(iv) the Company and the Designated Subsidiaries may not accept any offer that is described in subsection 2.06(c)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(f) If two or more Banks submit offers at identical pricing for the same Interest Period and the Company or the Designated Subsidiary accepts any of such offers but does not wish to borrow the total amount offered by such Banks, the Company or the Designated Subsidiary shall accept offers from all of such Banks on amounts allocated among them pro rata (rounded upward, if necessary, to the next higher $100,000 at the discretion of the Company or the Designated Subsidiary) according to the amounts offered by such Banks; andprovided, in any event, that, except to the extent of any such rounding adjustment, the Company or the Designated Subsidiary shall not accept offers from the Banks in an aggregate amount in excess of the aggregate amount of the proposed Absolute Rate Bid Loan specified in the Company's or the Designated Subsidiary's Competitive Bid with respect thereto.

(g) (i) The Company or the Designated Subsidiary will notify not later than 10:30 a.m. (New York time) on the

proposed date of Borrowing each Bank whose offer has been accepted of the amount of the Absolute Rate Bid Loan or Absolute Rate Bid Loans to be made by it on the date of the Bid Borrowing. The Company or the Designated Subsidiary will also promptly thereafter notify each Bank having submitted a Competitive Bid whose offer has not been accepted.

(ii) If, on or prior to the proposed date of Borrowing, the Revolving Commitments have not been terminated and if, on such proposed date of Borrowing all applicable conditions to funding referenced in Sections 3.02 and 4.02 hereof are satisfied, each Bank, which has received notice pursuant to subsection 2.06(g)(i) that its Competitive Bid has been accepted, shall make the amounts of such Bid Loans available to the Company or the Designated Subsidiary for the account of the Company or the Designated Subsidiary at the Company's Payment Office, by 12:00 p.m. (New York time) on such date of Bid Borrowing, in funds immediately available to the Company or the Designated Subsidiary.

(iii) Promptly, no later than the same day, following each Bid Borrowing, the Company or the Designated Subsidiary shall notify each Bank of the aggregate principal amount of offers for each Interest Period that is accepted as well as the ranges of bids submitted and accepted for each Interest Period requested by the Company or the Designated Subsidiary.

(iv) From time to time, the Company or the Designated Subsidiary and the Banks shall furnish such information to the Agent as the Agent may request relating to the making of Absolute Rate Bid Loans, including the amounts, interest rates, dates of borrowings and maturities thereof, for purposes of the allocation of amounts received from the Company or the Designated Subsidiary for payment of all amounts owing hereunder.

(h) Nothing in this Section 2.06 shall be construed as a right of first offer in favor of the Banks or to otherwise limit the ability of the Company or the Designated Subsidiary to request and accept credit facilities from any Person (including any of the Banks), provided that no Default or Event of Default would otherwise arise or exist as a result of the Company or the Designated Subsidiary executing, delivering or performing under such credit facilities.

(i) Each outstanding Absolute Rate Bid Loan and Existing Bid Loan shall reduce pro tanto the available Aggregate Commitment, but shall not otherwise reduce or affect the Bid Loan Lender's available Revolving Commitment or its Commitment Percentage.

(j) If the Company or the Designated Subsidiary has not accepted a Bid Borrowing pursuant to subsection 2.06(e) above, the Company or the Designated Subsidiary may request a same-day Committed Loan consisting of Reference Rate Loans in an amount not to exceed the unaccepted Bid Borrowing,provided, that the Company or the Designated Subsidiary gives notice to the Agent no later than 10:30 a.m. (New York time) by telephone call followed promptly by a facsimile transmission in form of a Notice of Borrowing in substantially the form ofExhibit A.

(k) The Company and each Bank severally agree that all Existing Bid Loans shall have the same rights under this Agreement as if such Existing Bid Loans had been made hereunder.

2.07 Voluntary Termination or Reduction of Commitments. The Company may, upon not less than five Business Days' prior notice to the Agent, terminate the Aggregate Commitments or permanently reduce the Aggregate Commitment by an aggregate minimum amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof; provided that no such reduction or termination shall be permitted if, after giving effect thereto and to any prepayments of the Loans made on the effective date thereof, the then outstanding principal amount of the Loans would exceed the amount of the Aggregate Commitment then in effect and, provided, further, that once reduced in accordance with this Section 2.07, the Aggregate Commitments may not be increased. Any reduction of the Aggregate Commitments shall be applied to each Bank's Revolving Commitment in accordance with such Bank's Commitment Percentage. If the Revolving Commitments are terminated in their entirety, all accrued commitment fees to, but not including, the effective date of such termination shall be payable on the effective date of such termination without any premium or penalty.

2.08 Optional Prepayments of Loans.

(a) Subject to Section 3.04, the Company or Designated Subsidiary may, at any time or from time to time, upon at least three Business Days' written notice to the Agent with respect to Offshore Committed Loans, three Business Days' notice with respect to CD Rate Committed Loans, and one Business Day's notice with respect to Reference Rate Committed Loans, ratably prepay Committed Loans in whole or in part in minimum amounts of $5,000,000 ($2,500,000 for Reference Rate Loans). Such notice of prepayment shall be delivered by 11:00

a.m (New York time) on the applicable day and shall specify the date and amount of such prepayment and whether such prepayment is of Reference Rate Committed Loans, CD Rate Committed Loans or Offshore Rate Committed Loans, or any combination thereof. Such notice shall not thereafter be revocable by the Company or Designated Subsidiary and the Agent will promptly notify each Bank thereof and of such Bank's Commitment Percentage of such prepayment. If such notice is given, the Company or Designated Subsidiary shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to each such date on the amount prepaid and the amounts required pursuant to Section 3.04.

(b) The Company may not voluntarily prepay all or any portion of the principal amount of any Absolute Rate Bid Loan prior to the maturity thereof except pursuant to Section 10.01.

2.09 Repayment.

(a) The Committed Loans. The Company and Designated Subsidiaries shall repay the principal amount of the Committed Loans on the Revolving Termination Date.

(b) The Absolute Rate Bid Loans. Each Absolute Rate Bid Loan shall mature, and the principal amount thereof shall be due and payable, on the last day of the Interest Period applicable thereto.

2.10 Interest.

(a) Subject to subsection 2.10(d), each Committed Loan shall bear interest on the outstanding principal amount thereof from the date when made until it becomes due at a rate per annum equal to the CD Rate, the Offshore Rate or the Reference Rate, as the case may be,plus the Applicable Margin.

(b) The Company and the Designated Subsidiaries shall pay interest on the outstanding principal amount of each Absolute Rate Bid Loan from the date when made until paid in full at the Absolute Rate. Each Bid Loan Lender shall notify the Company and the Designated Subsidiaries of the amount of interest that is payable and payment instructions with respect to its Absolute Rate Bid Loans promptly after the funding thereof.

(c) Interest on each Loan shall be payable in arrears on each Interest Payment Date. Interest shall also be payable on the date of any prepayment of Loans for the portion of the Loans so prepaid and upon payment (including prepayment) in

full thereof. During the existence of any Event of Default, interest shall be payable on demand.

(d) While any Event of Default exists or upon acceleration, and unless and until such Event of Default is waived, the Company or Designated Subsidiary shall pay interest (after as well as before judgment to the extent permitted by law) on the principal amount of all Loans outstanding, at a rate per annum which is determined by increasing the Applicable Margin then in effect by 2% per annum;provided, however, that, on and after the expiration of the Interest Period applicable to any Offshore Rate Committed Loan or CD Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, during the continuation of such Event of Default or upon acceleration, bear interest at a fluctuating rate per annum equal to the Reference Rate plus 2%.

(e) Anything herein to the contrary notwithstanding, the obligations of the Company and Designated Subsidiaries hereunder shall be subject to the limitation that payments of interest shall not be required, for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by the respective Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest which may be lawfully contracted for, charged or received by such Bank, and in such event the Company shall pay such Bank interest at the highest rate permitted by applicable law.

2.11 Fees.

(a) Facility Fees. The Company shall pay to the Agent for the account of each Bank a facility fee on the amount of each Bank's Revolving Commitment regardless of utilization equal to (i) 0.125% per annum if Level I Status exists; (ii) 0.1875% per annum if Level II Status exists; (iii) 0.2000% per annum if Level III Status exists; and (iv) 0.3500% per annum if Level IV Status exists. Such fee shall accrue from the Closing Date to the Revolving Termination Date and shall be payable quarterly in arrears on the last Business Day of each calendar quarter commencing on December 31, 1993 and ending on the Revolving Termination Date.

(b) Commitment Fees. The Company shall pay to the Agent for the account of each Bank a commitment fee on the average daily unused portion of such Bank's Revolving Commitment equal to (i) 0.0250% per annum if Level I Status exists; (ii) 0.0125% per annum if Level II Status exists; (iii) 0.0500% per annum if Level III Status exists; and (iv) zero, if Level IV Status exists. Such commitment fee shall accrue from the Closing Date to the Revolving Termination Date and shall be

due and payable quarterly in arrears on the last Business Day of each calendar quarter commencing on December 31, 1993 and ending on the Revolving Termination Date. For the purpose of this Section 2.11(b), any outstanding Absolute Rate Bid Loan shall be deemed to utilize the Revolving Commitment of each Bank by an amount equal to such Bank's Commitment Percentage times the amount of such Absolute Rate Bid Loan.

(c) Participation Fees. The Company shall pay to the Agent for the account of each Bank, a participation fee, calculated on each Bank's Revolving Commitment, payable on the Closing Date, equal to 0.125% for initial commitments of $40,000,000 and above, 0.09% for initial commitments of $30,000,000, up to but not including $40,000,000, and .03125% for initial commitments of less than $30,000,000.

(d) Other Fees. The Company shall pay BofA and the Agent such other fees in the amounts and at the times set forth in letter agreement and term sheet between the Company, BofA and the Arranger dated November 12, 1993.

2.12 Computation of Fees and Interest.

(a) All computations of interest payable in respect of Reference Rate Committed Loans and all computations of fees shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of interest under this Agreement shall be made on the basis of a 360-day year and actual days elapsed. Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) The Agent will, with respect to the Offshore Rate at least two Business Days before any borrowing date, notify the Company, the Designated Subsidiaries and the Banks of each determination of an Offshore Rate or of a CD Rate, provided that any failure to do so shall not relieve the Company or a Designated Subsidiary of any liability hereunder. Any change in the interest rate on a Loan resulting from a change in the Applicable Margin, Reserve Percentage or the Assessment Rate shall become effective as of the opening of business on the day on which such change in the Applicable Margin, Reserve Percentage or the Assessment Rate occurs. The Company shall inform the Agent immediately if a change in its Public Debt Rating occurs. The Agent will with reasonable promptness notify the Company, the Designated Subsidiaries and the Banks of the effective date and the amount of each such change, provided that any failure to do so shall not relieve the Company or a Designated Subsidiary of any liability hereunder.

(c) Each determination of an interest rate by the Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Company, the Designated Subsidiaries and the Banks in the absence of manifest error.

(d) If any Reference Bank's Commitment shall terminate (otherwise than on termination of all the Revolving Commitments), or for any reason whatsoever the Reference Bank shall cease to be a Bank hereunder, that Reference Bank shall thereupon cease to be a Reference Bank, and the CD Rate and Offshore Rate shall be determined on the basis of the rates as notified by the remaining Reference Banks.

(e) Each Reference Bank shall use its best efforts to furnish quotations of rates to the Agent as contemplated hereby. If any of the Reference Banks shall be unable or otherwise fails to supply such rates to the Agent upon its request, the rate of interest shall be determined on the basis of the quotations of the remaining Reference Banks or Reference Bank. Notwithstanding the foregoing, the Reference Banks shall promptly notify the Agent of any change in the CD Rate or the Offshore Rate. If there shall only be one Reference Bank remaining, then the Majority Banks shall select a Bank, acceptable to the Agent and the Company, to be a Reference Bank, and the Agent shall, by notice to the Company and the Banks, designate such Bank as a Reference Bank so that there shall at all times be at least two (2) Reference Banks; provided that such designated Bank agrees to be a Reference Bank.

2.13 Payments by the Company.

(a) All payments with respect to Committed Loans (including prepayments) to be made by the Company or a Designated Subsidiary on account of principal, interest, fees and other amounts required hereunder shall be made without set-off or counterclaim and shall, except as otherwise expressly provided herein be made to the Agent for the ratable account of the Banks at the Agent's Payment Office, in dollars and in immediately available funds, no later than 1:00 p.m. (New York time) on the date specified herein. All payments with respect to Absolute Rate Bid Loans (including prepayments) to be made by the Company or a Designated Subsidiary on account of principal, interest, fees and other amounts required hereunder shall be made without set-off or counterclaim and shall be made to the appropriate Bid Loan Lender for its own benefit in dollars and in immediately available funds, no later than 1:00 p.m. (New York time) on the date specified herein. The identification of a Fed wire number shall constitute compliance with this deadline;however, it shall not relieve the Company of its obligation to make payment if payment is not actually received, provided

that provision of the Fed wire number in good faith shall not constitute a Default hereunder. The Agent will promptly distribute to each Bank its Commitment Percentage (or other applicable share as expressly provided herein) of such principal, interest, fees or other amounts, in like funds as received. Any payment which is received by the Agent or Bid Loan Lender, as appropriate, later than 1:00 p.m. (New York time) shall be deemed to have been received on the immediately succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be; subject to the provisions set forth in the definition of "Interest Period" herein.

(c) Unless the Agent shall have received notice from the Company or the relevant Designated Subsidiary prior to the date on which any payment is due to the Banks hereunder that the Company or the Designated Subsidiary will not make such payment in full, the Agent may assume that the Company or the Designated Subsidiary has made such payment in full to the Agent on such date and the Agent may (but shall not be so required), in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company or the Designated Subsidiary shall not have made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Agent, at the Federal Funds Rate as in effect for each such day.

2.14 Payments by the Banks to the Agent.

(a) Unless the Agent shall have received notice from a Bank on the Closing Date or, with respect to each Borrowing after the Closing Date, at least one Business Day prior to the date of any proposed Borrowing that such Bank will not make available to the Agent for the account of the Company or the Designated Subsidiary the amount of that Bank's Commitment Percentage of the Borrowing, the Agent may assume that each Bank has made such amount available to the Agent on the borrowing date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Company or the Designated Subsidiary on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent and the Agent

in such circumstances has made available to the Company or the Designated Subsidiary such amount, that Bank shall on the next Business Day following the date of such Borrowing make such amount available to the Agent, together with interest at the Federal Funds Rate for and determined as of each day during such period. A certificate of the Agent submitted to any Bank with respect to amounts owing under this subsection 2.14(a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the next Business Day following the date of such Borrowing, the Agent shall notify the Company or the Designated Subsidiary of such failure to fund and, upon demand by the Agent, the Company or the Designated Subsidiary shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Loan on any date of Borrowing shall not relieve any other Bank of any obligation hereunder to make a Loan on the date of such Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the date of any Borrowing.

2.15 Sharing of Payments, Etc. If, other than as expressly contemplated elsewhere herein, any Bank shall obtain on account of the Committed Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Commitment Percentage of payments on account of the Committed Loans obtained by all the Banks, such Bank shall forthwith (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Committed Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid thereto together with an amount equal to such paying Bank's Commitment Percentage (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Company and each Designated Subsidiary agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.09) with respect to such participation as fully as if such Bank were the direct creditor of the Company in

the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error), of participations purchased pursuant to this Section 2.15 and will in each case notify the Banks following any such purchases.

ARTICLE III
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Subject to subsection 3.01(g), any and all payments by the Company or the Designated Subsidiaries to each Bank or the Agent under this Agreement shall be made free and clear of, and without deduction or withholding for, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's net income by the jurisdiction under the laws of which such Bank or the Agent, as the case may be, is organized or maintains a Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes").

(b) In addition, the Company and the Designated Subsidiaries shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents (hereinafter referred to as "Other Taxes").

(c) Subject to subsection 3.01(g), the Company shall indemnify and hold harmless each Bank and the Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.01) paid by the Bank or the Agent and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days from the date the Bank or the Agent makes written demand therefor.

(d) If the Company or any Designated Subsidiary shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then, subject to subsection 3.01(g):

(i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.01) and including, in the case of non-U.S. withholding tax imposed at rates of 5% or greater, any U.S. tax (including, notwithstanding any exclusion from Taxes in Section 3.01(a), taxes on net income of the

Banks) attributable to such increase to the extent not actually offset by a foreign tax credit in the Bank's U.S. tax return as determined by the Bank in its sole discretion, such Bank or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made;

(ii) the Company or Designated Subsidiary shall make such deductions, and

(iii) the Company or Designated Subsidiary shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(e) Within 30 days after the date of any payment by the Company or Designated Subsidiary of Taxes or Other Taxes, the Company or Designated Subsidiary shall furnish to the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.

(f) Each Bank which is a foreign person (i.e., a person other than a United States person for United States Federal income tax purposes) agrees that:

(i) it shall, no later than the Closing Date (or, in the case of a Bank which becomes a party hereto pursuant to Section 10.08 after the Closing Date, the date upon which the Bank becomes a party hereto) deliver to the Agent (with a copy to the Company) two accurate and complete signed originals of Internal Revenue Service Form 4224 or any successor thereto ("Form 4224"), or two accurate and complete signed originals of Internal Revenue Service Form 1001 or any successor thereto ("Form 1001"), as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(ii) if at any time the Bank makes any changes necessitating a new Form, it shall with reasonable promptness deliver to the Agent (with a copy to the Company) in replacement for, or in addition to, the forms previously delivered by it hereunder, two accurate and complete signed originals of Form 4224; or two accurate and complete signed originals of Form 1001, as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax or

at a reduced rate of withholding under an applicable tax treaty;

(iii) it shall, before or promptly after the occurrence of any event (including the passing of time but excluding any event mentioned in (ii) above) requiring a change in or renewal of the most recent Form 4224 or Form 1001 previously delivered by such Bank and deliver to the Company through the Agent two accurate and complete original signed copies of Form 4224 or Form 1001 in replacement for the forms previously delivered by the Bank; and

(iv) it shall, promptly upon the Company's reasonable request to that effect, deliver to the Company such other forms or similar documentation as may be required from time to time by any applicable law, treaty, rule or regulation in order to establish such Bank's tax status for withholding purposes.

(v) if such Bank claims exemption from withholding tax under a United States tax treaty by providing a Form 1001 and such Bank sells or grants a participation of all or part of its rights under this Agreement, such Bank shall notify the Agent of the percentage amount in which it is no longer the beneficial owner under this Agreement. To the extent of this percentage amount, the Agent shall treat such Bank's Form 1001 as no longer in compliance with this Section 3.01(f). In the event a Bank claiming exemption from United States withholding tax by filing Form 4224 with the Agent, sells or grants a participation in its rights under this Agreement, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code;

(vi) without limiting or restricting any Bank's right to increased amounts under Section 3.01(d) from the Company and its Designated Subsidiaries upon satisfaction of such Bank's obligations under the provisions of this Section 3.01(f), if such Bank is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subparagraph (i) are not delivered to the Agent, then the Agent may withhold from any interest payment to the Bank not providing such forms or other documentation, an amount equivalent to the applicable withholding tax. In addition, the Agent may also withhold against periodic payments other than interest

payments to the extent United States withholding tax is not eliminated by obtaining Form 4224 or Form 1001; and

(vii) if the IRS or any authority of the United States or other jurisdiction asserts a claim that the Agent or the Company or any Designated Subsidiary did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered by such Bank, was not properly executed by such Bank, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from withholding tax ineffective), such Bank shall indemnify the Agent and/or the Company or the Designated Subsidiary, as applicable, fully for all amounts paid, directly or indirectly, by the Agent and/or the Company or the Designated Subsidiary, as applicable, as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent or the Company or the Designated Subsidiary, as applicable under this Section 3.01(f), together with all costs, expenses and Attorneys' Costs.

(g) The Company and any Designated Subsidiary will not be required to pay any additional amounts in respect of United States Federal income tax pursuant to subsection 3.01(d)(i) to any Bank for the account of any Lending Office of such Bank:

(i) if the obligation to pay such additional amounts would not have arisen but for a failure by such Bank to comply with its obligations under subsection 3.01(f) in respect of such Lending Office;

(ii) if such Bank shall have delivered to the Company and the Designated Subsidiaries a Form 4224 in respect of such Lending Office pursuant to subsection 3.01(f), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company and the Designated Subsidiaries hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or in the official interpretation of such law or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form 4224; or

(iii) if the Bank shall have delivered to the Company and the Designated Subsidiaries a Form 1001 in respect of such Lending Office pursuant to Section 3.01(f), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United

States Federal income tax in respect of payments by the Company and the Designated Subsidiaries hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form 1001.

(h) If, at any time, the Company or a Designated Subsidiary requests any Bank to deliver any forms or other documentation pursuant to subsection 3.01(f)(iv), then the Company or a Designated Subsidiary shall, on demand of such Bank through the Agent, reimburse such Bank for any costs and expenses (including Attorney Costs) reasonably incurred by such Bank in the preparation or delivery of such forms or other documentation.

(i) If the Company or a Designated Subsidiary is required to pay additional amounts to any Bank or the Agent pursuant to subsection 3.01(d), then such Bank shall use its reasonable best efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Company which may thereafter accrue if such change in the sole judgment of such Bank is not otherwise disadvantageous to such Bank.

(j) The agreements and Obligations of the Company and the Designated Subsidiaries contained in this Section 3.01 shall survive the payment in full of principal and interest hereunder and termination of the Revolving Commitments.

3.02 Illegality.

(a) If any Bank shall determine upon advice of its counsel, that the introduction of any Requirement of Law or any change in or in the interpretation or administration thereof has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its Lending Office to make Offshore Rate Committed Loans, then, on notice thereof by the Bank to the Company and the Designated Subsidiary through the Agent, the obligation of the Bank to make Offshore Rate Committed Loans shall be suspended until the Bank shall have notified the Agent and the Company and the Designated Subsidiary that the circumstances giving rise to such determination no longer exists. During such period of suspension as to any Bank, any subsequent Committed Borrowings consisting of Offshore Rate Committed Loans shall include a Reference Rate Loan rather

than Offshore Rate Committed Loan by the Bank subject to such suspension.

(b) If a Bank shall determine upon advice of its counsel that it is unlawful to maintain any Offshore Rate Committed Loan, the Company or any Designated Subsidiary, as the case may be, shall prepay in full all Offshore Rate Committed Loans of the Bank then outstanding, together with interest accrued thereon, either on the last day of the Interest Period thereof if the Bank may lawfully continue to maintain such Offshore Rate Committed Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Committed Loans, together with any amounts required to be paid in connection therewith pursuant to Section 3.04.

(c) If the Company or any Designated Subsidiary, as the case may be, is required to prepay any Offshore Rate Committed Loan immediately as provided in subsection 3.02(b), then concurrently with such prepayment, the Company or any Designated Subsidiary, as the case may be, shall borrow from the affected Bank, in the amount of such repayment, a Reference Rate Committed Loan.

3.03 Increased Costs and Reduction of Return. In the event that any Bank determines that compliance with any United States (including any state, political subdivision, territory or possession thereof) or foreign law, regulation, treaty, directive or guideline, currently or hereafter in effect, or the interpretation or application thereof, or the compliance with any request, guideline or directive (whether or not having the force of law) from any United States or foreign central bank or any other governmental authority:

(a) imposes, modifies or holds applicable any reserve, special deposit, compulsory loan or similar requirement against, or imposes any other conditions with respect to assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit or commitment therefor extended by, or any other acquisition of funds by, any office of any Bank which is not otherwise included or accounted for in any determination of the Reference Rate, the CD Rate or the Offshore Rate or any interest payable hereunder; or

(b) affects or would affect the amount of capital required or expected to be maintained by any Bank or any corporation controlling any such Bank and such Bank determines that the amount of such capital is increased by or based upon the existence of such Bank's Revolving Commitment, or the making, maintaining or funding of such Bank's Loans or other extensions of credit hereunder;

and the result is to increase (as reasonably determined by such Bank) the cost to such Bank of (A) agreeing to make, making, funding, renewing or maintaining its Loans hereunder, or (B) agreeing to maintain, or its maintenance of, its Revolving Commitment hereunder, or to reduce any amount receivable in respect of any of the foregoing, or to reduce (as determined by such Bank) the rate of return on such Bank's or such controlling corporation's capital (taking into account the policies of such Bank or corporation with regard to capital), then, in any such case, the Company agrees to pay to the Agent, for the account of such Bank, upon such Bank's demand, any additional amount as may be necessary to compensate fully such Bank for such additional cost, reduced amount receivable, or reduced rate of return as reasonably determined by such Bank to place such Bank in the same economic position as if such compliance had not occurred. Each Bank will promptly notify the Agent, in writing, of the occurrence of any of the events described in this Section 3.03 and, upon its receipt of such notice, the Agent will promptly notify the Company thereof, provided, however, that the Company shall not be liable to compensate any Bank for such additional costs or reduced rate of return which accrue prior to a date which is 45 days before such notice is given. A certificate as to such amounts in reasonable detail, submitted to the Company and the Agent by such Bank, shall be conclusive and binding for all purposes, absent manifest error. Each Bank agrees that, in the determination of any such amount, such Bank shall use reasonable means of allocation and attribution with respect to the Loans and Revolving Commitment hereunder as among all loans, advances, commitments and other extensions of credit by such Bank generally.

3.04 Funding Losses. The Company agrees to reimburse each Bank and to hold each Bank harmless from any loss, cost or expense which the Bank may sustain or incur as a consequence of:

(a) any failure of the Company or a Designated Subsidiary to make any payment or prepayment, after having given notice, of principal of any Offshore Rate Committed Loan or CD Rate Committed Loan (including payments made after any acceleration thereof);

(b) any failure of the Company or a Designated Subsidiary to borrow, continue or convert a Committed Loan or borrow an Absolute Rate Bid Loan after the Company or the Designated Subsidiary has given a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) any failure of the Company or a Designated Subsidiary to make any prepayment after the Company or a Designated Subsidiary has given a notice in accordance with Section 2.08;

(d) any prepayment of an Offshore Rate Committed Loan or a CD Rate Committed Loan on a day which is not the last day of the Interest Period with respect thereto; or

(e) the conversion of any Offshore Rate Committed Loan to a Reference Rate Committed Loan on a day that is not the last day of the respective Interest Period pursuant to subsection 2.04;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Committed Loans or CD Rate Committed Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained.

3.05 Inability to Determine Rates. If two or more Reference Banks or the Majority Banks shall have reasonably determined that for any reason adequate and reasonable means do not exist for ascertaining the Offshore Rate or the CD Rate for any requested Interest Period with respect to a proposed Offshore Rate Committed Loan or CD Rate Committed Loan or that the Offshore Rate or the CD Rate for any requested Interest Period with respect to a proposed Offshore Rate Committed Loan or CD Rate Committed Loan does not adequately reflect the funding cost to such Banks of such Loan, the Agent will forthwith give notice of such determination to the Company and each Bank. Thereafter, the obligation of the Banks to make CD Rate Committed Loans or Offshore Rate Committed Loans, as the case may be, hereunder shall be suspended until the Agent upon the instruction of the Majority Banks revokes such notice in writing. Upon receipt of such notice, the Company may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Company does not revoke such notice, the Banks shall make, convert or continue the Committed Loans, as proposed by the Company, in the amount specified in the applicable notice submitted by the Company, but such Loans shall be made, converted or continued as Reference Rate Committed Loans instead of CD Rate Committed Loans or Offshore Rate Committed Loans, as the case may be.

3.06 Reserves on Offshore Rate Committed Loans. The Company shall pay to each Bank, as long as such Bank shall be required under regulations of the Federal Reserve Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional costs on the unpaid principal amount of each Offshore Rate Committed Loan equal to actual costs of such reserves allocated to such Loan by the Bank (as determined by the Bank in good faith, which determination shall be conclusive), payable on each date on which interest is payable on such Loan provided the Company or the Designated Subsidiary shall have received at least fifteen days' prior written notice (with a copy to the Agent) of such additional interest from the Bank. If a Bank

fails to give notice fifteen days prior to the relevant Interest Payment Date, such additional interest shall be payable fifteen days from receipt of such notice.

3.07 Certificates of Banks. Any Bank claiming reimbursement or compensation pursuant to this Article III shall deliver to the Company and the Designated Subsidiaries (with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to the Bank hereunder and such certificate shall be conclusive and binding on the Company and the Designated Subsidiaries in the absence of manifest error.

3.08 Survival. The agreements and obligations of the Company and the Designated Subsidiaries in this Article III shall survive the payment of all other Obligations provided that, any Bank desiring to make a claim for reimbursement under Section 3.04 shall do so within 180 days after the Revolving Termination Date.

3.09 Replacement Banks. If the obligation of any Bank to make Offshore Rate Committed Loans has been suspended pursuant to Section 3.02, the Company or such Designated Subsidiary, as the case may be, may, with respect to such Bank, elect to terminate this Agreement, and in connection therewith, not to borrow any Reference Rate Loan provided for in Section 3.02 , or to repay any Reference Rate Loan made pursuant to Section 3.02; provided, that the Company or such Designated Subsidiary, as the case may be, notifies such Bank through the Agent of such election at least three Business Days before any date fixed for such a borrowing or such a prepayment, as the case may be, and (i) repays all of such Bank's outstanding Loans plus all accrued interest, commitment fees and other amounts owing to, but not including, the date of repayment at the end of the respective Interest Periods applicable thereto or as otherwise required by Section 3.02, and (ii) selects, with the consent of the Agent, which shall not be unreasonably withheld, an Eligible Assignee which shall assume all the rights and obligations of such Bank as to which this Agreement has been terminated. Upon receipt by the Agent of such notice and the assignment to and assumption of the Revolving Commitment by a replacement bank, the Revolving Commitment of such Bank shall terminate.

ARTICLE IV
CONDITIONS PRECEDENT

4.01 Conditions of Initial Loans. The obligation of each Bank to make its first Loan hereunder is subject to the condition that the Agent shall have received on or before the Closing Date all of the following, in form and substance satisfactory to the Agent, each Bank and their respective counsel and in sufficient copies for each Bank:

(a) Credit Agreement/Bid Notes. This Agreement and the Bid Notes executed by the Company, the Agent and each of the Banks;

(b) Resolutions; Incumbency.

(i) Copies of the resolutions of the board of directors of the Company approving and authorizing the execution, delivery and performance by the Company of this Agreement and the other Loan Documents to be delivered hereunder, and authorizing the borrowing of the Loans, certified as of the Closing Date by the Secretary or an Assistant Secretary of the Company;

(ii) Certified copies of the resolutions of the board of directors of each Guarantor approving the Loan Documents to be delivered by it hereunder;

(iii) A certificate of the Secretary or Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized on behalf of the Company to execute and deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered hereunder;

(iv) A certificate of the Secretary or Assistant Secretary of each Guarantor, certifying the names and true signatures of the officers of the Guarantor authorized on behalf of the Guarantor to execute and deliver, as applicable, this Agreement, and all other Loan Documents to be delivered hereunder;

(c) Certificates of Incorporation; By-laws and Good Standing. Each of the following documents:

(i) the certificate of incorporation of the Company as in effect on the Closing Date, certified by the Secretary of State of the state of incorporation of the Company as of a recent date and by the Secretary or Assistant Secretary of the Company as of the Closing Date and the bylaws of the Company as in effect on the Closing

Date, certified by the Secretary or Assistant Secretary of the Company as of the Closing Date; and

(ii) a good standing certificate for the Company, the Designated Subsidiaries, the Guarantors and the Domestic Parent from the Secretary of State of its state of incorporation as of a recent date;

(d) Guaranties/Pledge Agreement. A guaranty substantially in the form of Exhibit J hereto executed by each of the Subsidiaries listed on Schedule 4.01(d) hereto (each a Guaranty" and collectively the "Guaranties") and the pledge agreement substantially in the form of Exhibit L-1 executed by each of the Subsidiaries listed on Schedule 4.01(d);

(e) Legal Opinions. An opinion of Thomas W. Hawkins, Esq., counsel to the Company and the Guarantors and addressed to the Agent and the Banks, substantially in the form ofExhibit M-1;

(f) Contribution Agreement. A Contribution Agreement, substantially in the form of Exhibit K attached hereto, executed by the Guarantors.

(g) Payment of Fees. The Company shall have paid all costs, accrued and unpaid fees (including Attorney's Costs of the Agent) to the extent then due and payable on the Closing Date any costs and fees arising under Sections 2.11, 3.01 and 10.04;

(h) Certificate. A certificate signed by a Responsible Officer, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct in all material respects on and as of such date, as though made on and as of such date; and

(ii) no Default or Event of Default exists or would result from the initial Borrowing;

(i) Other Documents. Such other approvals, opinions or documents as the Agent or any Bank may reasonably request.

4.02 Conditions to All Borrowings. The obligation of each Bank to make any Loan to be made by it hereunder (including its initial Loan and any Absolute Rate Bid Loan as to which there has been an offer and acceptance of terms pursuant to subsection 2.06(c)) is subject to the satisfaction of the following conditions precedent on the relevant borrowing date:

(a) Notice of Borrowing.

(i) In the case of any Committed Loan, the Agent shall have received (with, in the case of the initial Loan only, a copy for each Bank) a timely Notice of Borrowing; and

(ii) In the case of any Absolute Rate Bid Loan, the Agent shall have received a timely Competitive Bid Request;

(b) Continuation of Representations and Warranties. The representations and warranties made by the Company and any Designated Subsidiary contained in Article V (other than the representations set forth in Section 5.10(a) and 5.13) shall be true and correct in all material respects on and as of such borrowing date with the same effect as if made on and as of such borrowing date; and

(c) No Existing Default. The Agent shall have received a certificate from a Responsible Officer of the Company that no Default or Event of Default shall exist or shall result from such Borrowing.

4.03 Conditions for Participation by a Designated Subsidiary. The obligation of each Bank to accept a Designated Subsidiary as a participant in this Agreement, is subject to the satisfaction of the following conditions precedent before the effectiveness of such Election to Participate.

(a) Election to Participate. The Agent shall have received a duly executed Election to Participate in the form of Exhibit C hereto.

(b) Opinion of Counsel. The Agent shall have received an opinion of counsel for such Designated Subsidiary, substantially in the form ofExhibit M-2 hereto, and if from a foreign Subsidiary, acceptable to the Agent and the Banks, and covering such additional matters relating to the transactions contemplated hereby as the Majority Banks may reasonably request.

(c) Documents; Authorizations. The Agent shall have received documents evidencing the authority for and the validity of the Election to Participate of such Designated

Subsidiary and this Agreement, including, without limitation, documents of the type listed in Section 4.01(b), (c), (d) and (e) hereof, and any other documents it may reasonably request, all in form and substance satisfactory to the Agent and the Banks.

(d) Guaranty Agreement. A Guaranty Agreement of the Company of the Obligations of the Designated Subsidiary in substantially the form ofExhibit E.

(e) Opinion of Counsel to the Guarantor. An opinion of counsel to the Guarantor in substantially the form of Exhibit M-3, and if with respect to a foreign Subsidiary, acceptable to the Agent and the Banks.

(f) Evidence of Appointment of Agent for Service. Evidence satisfactory to the Agent and the Banks, that the Designated Subsidiary has appointed CT Corp. in the United States as its agent for service of process and that the CT Corp. in the United States has accepted such appointment.

(g) Continuation of Representations and Warranties. The representations and warranties made by such Designated Subsidiary contained in Article V (other than the representations set forth in Section 5.10(a) and 5.13) shall be true and correct in all material respects on and as of such election date with the same effect as if made on and as of such election date.

Each Notice of Borrowing and Competitive Bid Request submitted by the Company or a Designated Subsidiary hereunder shall constitute a representation and warranty by the Company or a Designated Subsidiary hereunder, as of the date of each such notice or request and as of the date of each Borrowing relating thereto, that the conditions in Sections 4.01, 4.02 and 4.03 are satisfied.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

The Company represents and warrants and each Designated Subsidiary shall be deemed by execution and delivery of its Election to Participate to have represented as of the date of such Election to Participate to the Agent and each Bank that:

5.01 Corporate Existence and Power. The Company, each of its Subsidiaries and each of the Guarantors:

(a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(b) has the power and authority and all material governmental licenses, authorizations, consents and approvals to own its assets, carry on its business and to execute, deliver, and perform its obligations under, the Loan Documents;

(c) is duly qualified as a foreign corporation, licensed and in good standing under the laws of each jurisdiction where failure to qualify would have a Material Adverse Effect; and

(d) is in compliance in all material respects with all Requirements of Law.

5.02 Corporate Authorization; No Contravention. The execution, delivery and performance by the Company and its Subsidiaries or a Designated Subsidiary of this Agreement, and any other Loan Document to which such Person is party, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of that Person's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which such Person is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its Property is subject; or

(c) violate any Requirement of Law.

5.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, other than any routine filing with the SEC pursuant to the Exchange Act, and the Securities Act of 1933 (including, without limitation, filings on Form 8-K), any Governmental

Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company or any of its Subsidiaries of the Agreement or any other Loan Document.

5.04 Binding Effect. This Agreement and each other Loan Document to which the Company or any of its Subsidiaries is a party constitute the legal, valid and binding obligations of the Company and any of its Subsidiaries to the extent it is a party thereto, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.05 Litigation. Except as specifically disclosed in Schedule 5.05, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the Company, or any of its Subsidiaries or any of their respective Properties which:

(a) purport to affect the legality, validity or enforceability or pertain to this Agreement, or any other Loan Document, or any of the transactions contemplated hereby or thereby; or

(b) if determined adversely to the Company, or its Subsidiaries would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery and performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.06 No Default. No Default or Event of Default exists hereunder or would result from the incurring of any Obligations by the Company or any Designated Subsidiary. Neither the Company nor any of its Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect.

5.07 ERISA Compliance.

(a) Schedule 5.07 lists all Plans and separately identifies Plans intended to be Qualified Plans and Multiemployer Plans. All written descriptions thereof provided to the Agent are true and complete in all material respects.

(b) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state law, including all requirements under the Code or ERISA for filing reports (which are true and correct in all material respects as of the date filed), and benefits have been paid in accordance with the provisions of the Plan.

(c) Except as specifically disclosed in Schedule 5.07, there is no outstanding liability under Title IV of ERISA with respect to any Plan maintained or sponsored by the Company or any ERISA Affiliate, nor with respect to any Plan to which the Company or any ERISA Affiliate contributes or is obligated to contribute.

(d) Except as specifically disclosed in Schedule 5.07, no Plan subject to Title IV of ERISA has any Unfunded Pension Liability.

(e) The Company does not maintain an Employee Welfare Benefit Plan which provides benefits (within the meaning of section 3(1) of ERISA) following retirement or termination of employment.

(f) Members of the Controlled Group have complied in all material respects with the notice and continuation coverage requirements of Section 4980B of the Code.

(g) There are no pending or, to the best knowledge of the Company, threatened claims, actions or lawsuits, other than routine claims for benefits in the usual and ordinary course, asserted or instituted against (i) any Plan maintained or sponsored by the Company, (ii) any member of the Controlled Group with respect to any Qualified Plan, or (iii) any fiduciary with respect to any Plan for which the Company may be directly or indirectly liable, through indemnification obligations or otherwise.

(h) Except as specifically disclosed in Schedule 5.07, neither the Company nor any ERISA Affiliate has incurred nor reasonably expects to incur (i) any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan or (ii) any liability under Title IV of ERISA (other than premiums due and not delinquent under Section 4007 of ERISA) with respect to a Plan.

(i) Except as specifically disclosed in Schedule 5.07, neither the Company nor any ERISA Affiliate has transferred any Unfunded Pension Liability to a Person other than the Company or an ERISA Affiliate or otherwise engaged in a

transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(j) No member of the Controlled Group has engaged, directly or indirectly, in a non-exempt prohibited transaction (as defined in Section 4975 of the Code or Section 406 of ERISA) in connection with any Plan which has a reasonable likelihood of having a Material Adverse Effect.

5.08 Use of Proceeds. The proceeds of the Loans are intended to be used for general corporate purposes, including, without limitation, working capital, refinancing indebtedness, acquisitions and stock repurchases.

5.09 Title to Properties. The Company and each of its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real Property necessary or used in the ordinary conduct of its business, except as would not reasonably be expected, in the aggregate, to have a Material Adverse Effect. As of the Closing Date, the Property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 Financial Condition.

(a) The unaudited consolidated condensed balance sheets of the Company and its Subsidiaries dated September 30, 1993, and the related unaudited condensed consolidated statements of operations and cash flows for the fiscal quarter ended on that date:

(i) were prepared in accordance with SEC guidelines for the preparation of interim financial statements, consistently applied throughout the period covered thereby, except as otherwise expressly noted therein;

(ii) fairly present the consolidated financial condition of the Company and its Subsidiaries in all material respects as of the date thereof and results of operations for the period covered thereby; and

(iii) except as specifically disclosed in Schedule 5.10, show all material indebtedness and other liabilities of the Company and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations.

(b) Since September 30, 1993, there has been no Material Adverse Effect.

5.11 Environmental Matters.

(a) The on-going operations of the Company and each of its Subsidiaries comply in all respects with all Environmental Laws, except such non-compliance which would not (if enforced in accordance with applicable law) result in a Material Adverse Effect.

(b) The Company and each of its Subsidiaries has obtained all material licenses, permits, authorizations and registrations required under any Environmental Law ("Environmental Permits") and necessary for its ordinary course operations, all such Environmental Permits are in good standing, and the Company and each of its Subsidiaries is in compliance with all material terms and conditions of such Environmental Permits.

(c) Except as provided in Schedule 5.11, none of the Company, any of its Subsidiaries or any of their respective present Property or operations is subject to any outstanding written order from or agreement with any Governmental Authority nor subject to any judicial or docketed administrative proceeding, respecting any Environmental Law, Environmental Claim or Hazardous Material, which order, agreement or proceeding would have a Material Adverse Affect.

(d) To the best of the Company's knowledge after due inquiry in the course of conducting its business, there are no Hazardous Materials or other conditions or circumstances existing with respect to any Property, or arising from operations prior to the Closing Date, of the Company or any of its Subsidiaries that would reasonably be expected to give rise to Environmental Claims with a potential liability to the Company and its Subsidiaries that would result in a Material Adverse Effect. In addition, to the best of the Company's knowledge after due inquiry in the course of conducting its business (i) neither the Company nor any of its Subsidiaries has any underground storage tanks (x) that are not properly registered or permitted under applicable Environmental Laws, or (y) that are leaking or disposing of Hazardous Materials off-site, and (ii) the Company and its Subsidiaries have notified all of their employees of the existence, if any, of any health hazard arising from the conditions of their employment and have met all notification requirements under Title III of CERCLA and all other Environmental Laws.

5.12 Trademarks and Licenses, etc. The Company or its consolidated Subsidiaries own or are licensed or otherwise have the right to use, to the best of their knowledge, all of the trademarks, service marks, trade names, franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of

any other Person, to the extent that failure to have such rights would reasonably be likely to cause a Material Adverse Effect. To the best knowledge of the Company, no slogan or other advertising device or product, now employed, or now contemplated to be employed by the Company or any of its Subsidiaries infringes upon any rights held by any other Person; no claim or litigation regarding any of the foregoing is pending or threatened, and no statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Company, proposed regarding the foregoing, which, in either case, would reasonably be expected to result in a Material Adverse Effect.

5.13 Subsidiaries. As of the Closing Date, the Company has no Subsidiaries other than those specifically disclosed in Schedule 5.13 hereto.

ARTICLE VI
AFFIRMATIVE COVENANTS

The Company covenants and agrees that, so long as any Bank shall have any Revolving Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

6.01 Financial Statements. The Company shall furnish to the Agent, with sufficient copies for each Bank:

(a) as soon as available, but not later than 90 days after the end of each fiscal year, a copy of the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of such year and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous year, and accompanied by the opinion of Arthur Andersen or another nationally-recognized independent public accounting firm which report shall state that such consolidated financial statements present fairly in all material respects the financial position for the periods indicated in conformity with GAAP (for purposes of this Section 6.01(a) Form 10-K will suffice);

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each year a copy of the unaudited condensed consolidated balance sheets of the Company and its consolidated Subsidiaries as of the end of such quarter and the related condensed consolidated statements of income and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by an appropriate Responsible Officer with a statement that in management's opinion such financial statements contain all material adjustments (which include only normal recurring adjustments) necessary to present fairly the Company's financial position and results of operations (for purposes of this Section 6.01(b) Form 10-Q will suffice).

6.02 Certificates; Other Information. The Company shall furnish to the Agent, with sufficient original copies for each Bank:

(a) together with the financial statements required to be delivered under Sections 6.01 (a) and (b) above, a certificate of the chief financial officer or treasurer of the Company (A) setting forth calculations demonstrating compliance with the financial covenants set forth in Sections 7.01(k), 7.02, 7.04, 7.07, 7.08, 7.09, 7.10 and 7.11 for and as at the end of such year or quarter as applicable, (B) certifying on behalf of the Company that (i) no Event of

Default or Default shall have occurred during such period relating to any covenant contained in Sections 7.01(k), 7.02, 7.04, 7.07, 7.08, 7.09, 7.10 or 7.11, or (ii) to the best of such officer's knowledge following diligent inquiry, no other Event of Default or Default shall have occurred during such period, or, if an Event of Default or any such other event shall have occurred, describing the nature thereof and the actions that the Company has taken or proposes to take with respect thereto and (C) describing in reasonable detail any material variation between the application of accounting principles employed in the preparation of such certificates and the application of accounting principles employed in the preparation of the financial statements referred to in Section 6.01, and reasonable estimates of the difference for the period in question between such certificates arising as a consequence thereof; and (D) setting forth the total assets of each foreign Material Subsidiary covered by an executory pledge agreement; and

(b) within 90 days of the beginning of each fiscal year of the Company, financial projections ("Projections") with respect to each fiscal year through the Termination Date, or budgets or related items as the Agent, or any Bank through the Agent, may reasonably request, all in such detail as the Agent or any Bank through the Agent may reasonably request.

(c) promptly after the same are filed, copies of all financial statements and regular, periodical or special reports which the Company is required to make to, or file with, the Securities and Exchange Commission or any successor or similar Governmental Authority;

(d) promptly, such additional financial and other information as the Agent, at the request of any Bank, may from time to time reasonably request; and

(e) within 90 days of the beginning of each fiscal year of the Company, a chart of the corporate structure of the Company.

6.03 Notices. The Company shall promptly notify the Agent and each Bank:

(a) as soon as possible and in any event within five days after the Company shall have knowledge of the occurrence of any Default or Event of Default;

(b) of (i) any breach or non-performance of, or any default under, any Contractual Obligation of the Company or any of its Subsidiaries which would reasonably be expected to result in a Material Adverse Effect; and (ii) any material dispute, litigation, investigation, proceeding or suspension

which exists at any time between the Company or any of its Subsidiaries and any Governmental Authority;

(c) upon, but in no event later than 10 days after, becoming aware of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Company or any Subsidiary or any of their Properties pursuant to any applicable Environmental Laws, (ii) all other Environmental Claims, and (iii) any environmental or similar condition on any real property adjoining or in the vicinity of the property of the Company or any Subsidiary that would reasonably be anticipated to cause such property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of such property under any Environmental Laws which restrictions would reasonably be expected to have a Material Adverse Effect;

(d) of any other litigation or proceeding affecting the Company or any of its Subsidiaries which the Company would be required to report to the SEC pursuant to the Exchange Act, within four days after reporting the same to the SEC;

(e) of any of the following ERISA events affecting the Company or any member of its Controlled Group (but in no event more than 10 days after such event), together with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any member or its Controlled Group with respect to such event:

(i) an ERISA Event;

(ii) the adoption of any new Plan that is subject to Title IV of ERISA or section 412 of the Code by any member of the Controlled Group;

(iii) the adoption of any amendment to a Plan that is subject to Title IV of ERISA or section 412 of the Code, if such amendment results in a material increase in benefits or unfunded liabilities; or

(iv) the commencement of contributions by any member of the Controlled Group to any Plan that is subject to Title IV of ERISA or section 412 of the Code;

(f) any Material Adverse Effect subsequent to the date of the most recent audited financial statements of the Company delivered to the Banks pursuant to subsection 6.01(a).

Each notice pursuant to this Section shall be accompanied by a written statement by a Responsible Officer of the Company

setting forth details of the occurrence referred to therein, the provisions of this Agreement affected, and stating what action the Company proposes to take with respect thereto. Each notice under subsection 6.03(a) shall describe with particularity the clause or provision of this Agreement or other Loan Document that has been breached or violated.

6.04 Preservation of Corporate Existence, Etc. The Company shall preserve and keep in full force and effect its corporate existence and the rights, privileges and franchises material to its business; and cause to be preserved and kept in full force and effect the corporate existence of such of its Subsidiaries and such rights, privileges and franchises of its Subsidiaries the failure to so preserve or keep would have a Material Adverse Effect.

6.05 Maintenance of Property. The Company shall maintain, or cause to be maintained, in good repair, working order and condition, except ordinary wear and tear, all Properties which the Company or any of its Subsidiaries owns, leases or otherwise holds an interest in (to the extent the terms of any such leases or other agreements establishing such property interests permit such maintenance), and from time to time make or cause to be made all appropriate (as determined by the senior management of the Company in the exercise of prudent business judgment) repairs, renewals and replacements thereof and maintain, or cause its subsidiaries to maintain, all franchise privileges, licenses, patents, trademarks, copyrights and trade names deemed by the Company to be reasonably necessary to conduct its business.

6.06 Insurance. The Company shall maintain, and shall cause each Subsidiary to maintain, with financially sound and reputable independent insurers, insurance with respect to its Properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons. Not later than thirty days after the renewal, replacement or modification of any policy, the Company shall deliver to the Agent for distribution to each Bank a detailed schedule setting forth for each such policy: (i) the amount of such policy, (ii) the risks insured against by such policy, (iii) the name of the insurer and each insured party under such policy, (iv) the policy number of such policy, and (v) such other information as any Bank through the Agent may reasonably request. In addition, the Company shall deliver to the Agent for distribution to each Bank written notice of any cancellation of any of the insurance policies required by this Section 6.06 within seven Business Days after the Company receives notification of such cancellation.

6.07 Payment of Obligations. The Company shall, and shall cause its Subsidiaries to, pay and discharge as the same shall become due and payable:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Subsidiary; and

(b) all lawful claims which, if unpaid, would by law become a material Lien upon its Property.

6.08 Compliance with Laws. The Company shall comply, and shall cause each of its Subsidiaries to comply, in all material respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist.

6.09 Inspection of Property and Books and Records. The Company shall keep and shall cause each of its Subsidiaries to keep, proper books of record and account, in which true and correct entries in all material respects, in conformity with GAAP subject to customary periodic adjustments in connection with the preparation of financial statements and all legal requirements, shall be made of all material dealings and transactions in relation to their respective businesses and activities. The Company shall permit, and shall cause each of its Subsidiaries to permit, authorized representatives of the Agent or any Bank to visit and inspect any of their respective Properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom (except copies and extracts of the Company's monthly reports internally known as the "blue book" and other specified documents which the Company in its reasonable judgment deems highly confidential), and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Agent or such Bank and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company; provided, however, when an Event of Default exists the Agent or any Bank may visit and inspect at the expense of the Company such Properties at any time during business hours and without advance notice.

6.10 Environmental Laws.

(a) The Company shall, and shall cause each of its Subsidiaries to, conduct its operations and keep and maintain its Property in compliance with all material Environmental Laws the non-compliance with which could reasonably be expected to cause a Material Adverse Effect.

(b) Upon the written request of the Agent or any Bank, the Company shall submit and cause each of its Subsidiaries to

submit, to the Agent and such Bank, at the Company's sole cost and expense, at reasonable intervals, a report providing an update of the status of any environmental, health or safety compliance, hazard or liability issue identified in any notice or report required pursuant to subsection 6.03(d), that would reasonably be expected to have a Material Adverse Effect.

6.11 Subsidiary Guaranties.

(a) The Company shall cause each domestic Material Subsidiary of the Company now or hereafter existing to execute and deliver for the benefit of the Banks a guaranty substantially in the form ofExhibit J, which shall, in the case of Spelling Entertainment Group Inc., be limited to the amount borrowed from the Company. SEGI, the parent of Spelling Entertainment Group Inc. shall provide a guaranty substantially in the form of Exhibit J. In the event that Spelling Entertainment Group Inc. borrows from the Company pursuant to an intercompany credit agreement between Spelling Entertainment Group Inc. and the Company, such borrowing shall be evidenced by an intercompany note which shall be pledged to the Banks and promptly delivered and duly endorsed to the Agent.

(b) The Company shall cause each foreign Material Subsidiary of the Company now or hereafter existing, or its Domestic Parent with respect to any pledge, to execute and deliver for the benefit of the Banks one of the following: (i) a guaranty substantially in the form of Exhibit J, (ii) an executory pledge agreement executed by its Domestic Parent substantially in the form ofExhibit L-1 (which pledge agreement shall require the delivery of pledged shares upon the occurrence of Default) or (iii) a completed pledge agreement executed by its Domestic Parent substantially in the form of Exhibit L-2 (which pledge agreement shall require the delivery of the pledged shares contemporaneously with the delivery of such pledge agreement). At any time, the Company may cause the Domestic Parent or its foreign Material Subsidiary to substitute a guaranty, an executory pledge agreement or a completed pledge agreement for any previously delivered guaranty, executory pledge agreement or completed pledge agreement. The total assets of all foreign Material Subsidiaries with respect to which executory pledge agreements have been delivered shall not at any time exceed 30% of the Company's consolidated total assets.

(c) Notwithstanding the foregoing, if at any time the total assets of the domestic and foreign Material Subsidiaries of the Company for which guaranties have been provided and/or shares have been pledged, represent less than 66 2/3% of the Company's consolidated total assets, the Company shall cause additional Subsidiaries (commencing with the Subsidiaries with

the largest amount of total assets, in descending order) to provide guarantees and pledge agreements so that the total assets of the Subsidiaries of the Company which have provided guaranties and/or whose shares have been pledged represent at least 66 2/3% of the Company's consolidated total assets.

ARTICLE VII
NEGATIVE COVENANTS

The Company hereby covenants and agrees that, so long as any Bank shall have any Revolving Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

7.01 Limitation on Liens. The Company shall not, and shall not suffer or permit any of its Subsidiaries to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien or Environmental Lien upon or with respect to any part of its or its Subsidiaries' Property, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) any Lien existing on the Property of the Company or its Subsidiaries on the Closing Date and set forth in Schedule 7.01 securing Indebtedness outstanding on such date and any extensions or renewals thereof, provided that any such extension or renewal shall not (A) secure Indebtedness in an aggregate amount greater than the Indebtedness so secured on the date hereof or (B) attach to or otherwise encumber Property other than Property subject thereto as of the date hereof;

(b) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.07, provided that no Notice of Lien has been filed or recorded;

(c) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty;

(d) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(e) Liens securing (i) the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) obligations on surety and appeal bonds, and (iii) other obligations of a like nature; in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(f) Liens on Property hereafter acquired in connection with an acquisition of a business and its property by the Company or any of its Subsidiaries, provided that such liens

and security interests secure amounts not then due and payable by the Company or any such Subsidiary and were not created and did not arise in contemplation of such acquisition;

(g) Liens arising in favor of a lessee of assets or Property of the Company or any Subsidiary of the Company in connection with the grant by the Company or such Subsidiary to such lessee of an option to purchase the leased Property;

(h) any Lien on real property, and on any fixtures thereon or attached thereto, acquired, constructed or improved by the Company or any Subsidiary and created contemporaneously with or within eighteen (18) months after the date the Indebtedness has been incurred with respect to such acquisition, construction or improvement, to secure all or a portion of the purchase price of such real property or the cost of such construction, acquisition or improvement, or any of them; provided, that, that principal amount of the Indebtedness secured by all such purchase money security interests shall not at any time exceed $50,000,000;

(i) Purchase money security interests on any Property acquired or held by the Company or its Subsidiaries in the ordinary course of business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such Property; provided that (i) any such Lien attaches to such Property concurrently with or within 20 days after the acquisition thereof, (ii) such Lien attaches solely to the Property so acquired in such transaction, (iii) the principal amount of the debt secured thereby does not exceed 100% of the cost of such Property, and (iv) the principal amount of the Indebtedness secured by any and all such purchase money security interests shall not at any time exceed 25% of the Company's Consolidated Net Worth at the time;

(j) Liens in favor of the Company securing intercompany loans and advances which Liens have been assigned to the Banks; and

(k) Liens, other than as described in clauses (a) through (h) and (j) above, in an aggregate amount not to exceed 25% of the Company's Consolidated Net Worth at any time.

7.02 Disposition of Assets. The Company shall not, and shall not suffer or permit any of its Subsidiaries to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) all or substantially all of its Property (including accounts and notes receivable, with or without recourse, and equipment sale-leaseback transactions) or enter into any agreement to do any of the

foregoing; provided that the Subsidiaries of the Company may sell, lease, assign, transfer or otherwise dispose of their Property having an aggregate fair market value, not to exceed 20% of Consolidated Net Worth during any fiscal year; provided further that the consideration received by a Subsidiary in each such transaction permitted hereunder shall constitute fair market value determined in the Company's management's best business judgment.

7.03 Mergers.

(a) The Company shall not merge with or consolidate into any other Person unless (i) the Company is the continuing or surviving corporation or (ii) if the Company is merged into a public holding company or is merged with a Subsidiary located in another jurisdiction, the holders of common stock of the Company are entitled to receive (other than cash in lieu of fractional shares) solely common stock in amounts proportionate to their holdings of common stock of the Company immediately prior to such transaction and, in either case of (i) or (ii) above, immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(b) The Company shall not permit any Guarantor or Domestic Parent to merge with another Subsidiary that is not a Guarantor unless the surviving entity is or becomes a Guarantor or Domestic Parent.

7.04 Loans and Investments. The Company may purchase or acquire and permit any of its Subsidiaries to purchase or acquire, or make any commitment therefor, any capital stock, equity interest, assets, obligations or other securities of or any interest in, any Person and make any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including any Affiliate of the Company, provided, that, advances, extensions of credit, or capital contributions to, or any other investment (other than Cash Equivalents) in persons in which the Company owns, directly or indirectly, less than 50% of the outstanding capital stock and in which the Company has no board representation shall not exceed in the aggregate 15% of Consolidated Net Worth.

7.05 Federal Regulations. The Company shall not and shall not suffer or permit any of its Subsidiaries to use the proceeds of any Loan, directly or indirectly, in violation of Regulations G, T, U and X of the Board of Governors of the Federal Reserve System, as in effect from time to time.

7.06 Compliance with ERISA. The Company shall not, and shall not suffer or permit any of its Subsidiaries to, (i) terminate any Plan subject to Title IV of ERISA so as to result in any material liability to the Company or any ERISA Affiliate, which would have

a Material Adverse Effect (ii) permit to exist any ERISA Event or any other event or condition, which presents the risk of a material liability to any member of the Controlled Group which would have a Material Adverse Effect, (iii) make a complete or partial withdrawal within the meaning of ERISA Section 4201) from any Multiemployer Plan which is reasonably likely to result in any liability to the Company or any ERISA Affiliate, which would have a Material Adverse Effect, (iv) enter into any new Plan or modify any existing Plan so as to increase its obligations thereunder in excess of 20% of payroll except in the ordinary course of business, or (v) permit the minimum funding requirements of ERISA to be violated with respect to any Plan if the liability to the Company resulting therefrom would have a Material Adverse Effect.

7.07 Consolidated Net Worth. The Company shall not permit its Consolidated Net Worth at any time to be less than $1,250,000,000 plus 50% of capital stock issued and 50% of consolidated net income (excluding net losses) earned subsequent to December 31, 1993.

7.08 Consolidated Senior Debt to Capital. The Company shall not permit the ratio of Consolidated Senior Debt to Capital to exceed 0.50 to 1.

7.09 Total Debt to Capital. The Company shall not permit its ratio of Total Debt to Capital to exceed 0.60 to 1.

7.10 Net Cash Flow Ratio. The Company shall not permit its ratio at the end of any fiscal quarter for the previous four quarters during the calendar years set forth below of (a) Net Cash Flow to (b) purchases of property, plant and equipment and video cassettes (other than acquisitions and new store development) plus cash interest and cash dividends to be less than the following:

During Calendar Year	Ratio
1993	1.15 to 1.0
1994 and thereafter	1.25 to 1.0

7.11 Fixed Charge Coverage Ratio. The Company shall not permit its ratio of (i) consolidated earnings before interest, taxes and Rents to (ii) Consolidated Interest Expense and Rents to be less than 1.5 to 1 as of each quarter for the current fiscal year to date period.

ARTICLE VIII
EVENTS OF DEFAULT

8.01 Event of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Company or any Designated Subsidiary fails to pay, (i) when and as required to be paid herein, any amount of principal of any Loan or any amount of interest on any Absolute Rate Bid Loan, or (ii) within three days after the same shall become due, any other interest, or any fee or any other amount payable hereunder or pursuant to any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Company or any of its Subsidiaries made herein, in any Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, any of its Subsidiaries, or their respective Responsible Officers, furnished at any time under this Agreement, or in or under any Loan Document, shall prove to have been incorrect in any material respect on or as of the date made (except with respect to Section 6.02(b) as to which the extent of the representations are limited as set forth therein); or

(c) Specific Defaults. The Company or any Designated Subsidiary fails to perform or observe any term, covenant or agreement contained in Article VII; or

(d) Other Defaults. The Company or any Designated Subsidiary fails to perform or observe any other term or covenant contained in this Agreement or any Loan Document, and such default shall continue unremedied for a period of 15 days after the initial occurrence thereof; or

(e) Cross-Default. The Company or any of its Subsidiaries (i) fails to make any payment in respect of any other Indebtedness or Guaranty Obligation or Rate Contracts having an aggregate principal amount of more than $10,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the document relating thereto; or (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or Guaranty Obligation or Rate Contract, and such failure continues after the applicable grace or notice period, if any, specified in the document relating thereto if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries

of such Indebtedness or Rate Contract (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due and payable prior to its stated maturity, or such Guaranty Obligation to become payable or cash collateral in respect thereof to be demanded;provided, however, that if the Company is contesting the payment amount on any such other Indebtedness or Guaranty Obligation or the date such payment is due in good faith and the Company establishes reserves on its books if required by and in accordance with GAAP as consistently applied, then such nonpayment, in and of itself, shall not, absent an acceleration of such Indebtedness or Guaranty Obligation or Rate Contract constitute an Event of Default; or

(f) Bankruptcy or Insolvency. The Company, any Guarantor or any of the Designated Subsidiaries (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company, any Guarantor or any Designated Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's, any Guarantor's or any of its Designated Subsidiaries' Properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the Company, any Guarantor or any of its Designated Subsidiaries admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the Company, any Guarantor or any of its Designated Subsidiaries acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its Property or business;

(h) Monetary Judgments. One or more final (non-interlocutory) judgments, orders or decrees shall be entered against the Company or any of its Subsidiaries involving in the aggregate a liability (not fully covered by insurance) as to any single or related series of transactions, incidents or conditions, of $10,000,000 or more, and the same shall remain

unvacated and unstayed pending appeal for a period of 10 days after the entry thereof; or

(i) Non-Monetary Judgments. Any non-monetary judgment, order or decree shall be rendered against the Company or any of its Subsidiaries which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(j) Change in Control. Any Change in Control;

(k) Guarantor/Pledgor Defaults. Any Guarantor or any Pledgor shall fail in any material respect to perform or observe any term, covenant or agreement in any guaranty or any pledge agreement delivered hereunder; or the guaranty or any pledge agreement delivered hereunder shall for any reason other than as contemplated by Section 6.11 be partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise cease to be in full force and effect, or any Guarantor or any Pledgor or any other Person shall contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder; or any event described at paragraphs (f) or (g) shall occur with respect to any Guarantor or any Pledgor.

8.02 Remedies. If any Event of Default occurs, the Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the Revolving Commitment of each Bank to make Committed Loans to be terminated, whereupon such Revolving Commitments shall forthwith be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable; without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company; and

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in paragraph (f) or (g) above (in the case of clause (i) of paragraph (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all

outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank. If any Bid Loan Lender shall suffer an Event of Default under subsection 8.01(a) due to the Company's failure to pay any amount of principal on or interest of any Absolute Rate Bid Loan, such Bid Loan Lender may send a written request to the Agent to obtain approval of the Majority Banks to terminate the Revolving Commitments and, if such approval is not obtained within 10 Business Days after the date such request is received, the affected Bid Loan Lender (or assignee) may commence enforcement of such default by any and all legal means.

8.03 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE IX
THE AGENT

9.01 Appointment and Authorization. Each Bank hereby irrevocably appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

9.02 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Agent. None of the Agent, its Affiliates, or any of their respective officers, directors, employees, agents, or attorneys-in-fact (collectively, the "Agent-Related Persons") shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the Properties, books or records of the Company or any of its Subsidiaries or Affiliates.

9.04 Reliance by Agent.

(a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any discretionary action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks or the Banks, as the case may be, and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Sections 4.01 and 4.02, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank, unless an officer of the Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from the Bank prior to the initial Borrowing specifying its objection thereto and either such objection shall not have been withdrawn by notice to the Agent to that effect or the Bank shall not have made available to the Agent the Bank's ratable portion of such Committed Borrowing.

9.05 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank, the Company or a Designated Subsidiary referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Banks. The Agent shall take such action with respect to such Default or Event of Default as shall be requested by the Majority Banks in accordance with Article VIII;

provided, however, that unless and until the Agent shall have received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.06 Credit Decision. Each Bank expressly acknowledges that none of the Agent-Related Persons has made any representation or warranty to it and that no act by the Agent hereinafter taken, including any review of the affairs of the Company and its Subsidiaries shall be deemed to constitute any representation or warranty by the Agent to any Bank. Each Bank represents to the Agent and the Arranger that it has, independently and without reliance upon the Agent or the Arranger and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated thereby, and made its own decision to enter into this Agreement and extend credit to the Company and the Designated Subsidiaries hereunder. Each Bank also represents that it will, independently and without reliance upon the Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and the Designated Subsidiaries. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Agent-Related Persons.

9.07 Indemnification. The Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company or any Designated Subsidiary and without limiting the obligation of the Company or any Designated Subsidiary to do so), ratably from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind whatsoever which may at any time (including at any time following the repayment of the Loans) be imposed on, incurred by or asserted against any such Person any way relating to or arising out of this Agreement or any document contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by any such Person under or in connection with any of the foregoing; provided, however, that no Bank shall be liable for the

payment to the Agent-Related Persons of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Company or any Designated Subsidiary. The obligation of the Banks in this Section shall survive the payment of all Obligations hereunder.

9.08 Agent in Individual Capacity. BofA and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory or other business with the Company and its Subsidiaries and Affiliates as though BofA were not the Agent hereunder and without notice to the Banks. With respect to its Loans, BofA shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall include BofA in its individual capacity.

9.09 Successor Agent. The Agent may, and at the request of the Majority Banks shall, resign as Agent upon 30 days' notice to the Banks or the Agent, respectively. If the Agent shall resign as Agent under this Agreement, the Majority Banks, after consultation with the Company, shall appoint from among the Banks a successor agent for the Banks. If no successor Agent is appointed prior to the effective date of the resignation of the Agent, the Agent shall appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's rights, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

9.10 The Arranger. The Arranger shall have no right, power, obligation, liability, responsibility or duty under this Agreement other than the right to receive the fees referred to in Section 2.11(d) and the right to indemnity under Section 10.05.

ARTICLE X
MISCELLANEOUS

10.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company or any Designated Subsidiary therefrom, shall be effective unless the same shall be in writing and signed by the Company, Majority Banks, and acknowledged in writing by the Agent, and then such waiver shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Banks, acknowledged in writing by the Agent, do any of the following:

(a) increase the Revolving Commitment of any Bank or subject any Bank to any additional obligations (except pursuant to Section 10.08);

(b) postpone or delay any date fixed for any payment of principal, interest, fees or other amounts due hereunder or under any Loan Document or extend the Revolving Termination Date;

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or of any fees or other amounts payable hereunder or under any Loan Document;

(d) change the percentage of the Revolving Commitments or of the aggregate unpaid principal amount of the Loans which shall be required for the Banks or any of them to take any action hereunder;

(e) amend this Section 10.01 or Section 2.15; or

(f) release any guaranty or pledge agreement delivered pursuant to Section 6.11 except as otherwise contemplated by Section 6.11 or change the criteria for delivering any guaranty or pledge agreement set forth in Section 6.11;

and, provided further, that no amendment, waiver or consent shall, unless in writing and consented to and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document. Notwithstanding the foregoing, each Bid Loan Lender may, in its sole discretion, if there exists no Default or Event of Default, and without the consent or signature of the Agent or any other Bank (provided, however, that written notice thereof is provided by 11:00 a.m. (New York time) one Business Day prior to the date of prepayment by such Bid Loan Lender to the Agent), accept any prepayment on account of any such Bid Loan Lender's Bid Loans.

10.02 Notices.

(a) All notices, requests and other communications provided for hereunder except as specifically provided otherwise herein, shall be in writing (including, unless the context expressly otherwise provides, telegraphic, telex, facsimile transmission or cable communication) and telegraphed, telexed or delivered, (i) if to the Company, to its address specified on the signature pages hereof (or, in case of a Designated Subsidiary, in its Election to Participate), (ii) if to any Bank, to its Domestic Lending Office, and (iii) if to the Agent, to its address specified on the signature pages hereof; or, as to the Company, a Designated Subsidiary or the Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as to each other party, at such other address as shall be designated by such party in a written notice to the Company, and Designated Subsidiary and the Agent.

(b) All such notices and communications shall, when transmitted by overnight delivery, telegraphed, by facsimile, telexed or cabled, be effective when delivered for overnight delivery or to the telegraph company, transmitted by facsimile, confirmed by telex answerback or delivered to the cable company, respectively, or if delivered, upon delivery, except that notices pursuant to Article II or VIII shall not be effective until actually received by the Agent or the Banks as specified herein.

(c) The Company acknowledges and agrees that any agreement of the Agent and the Banks at Article II herein to receive certain notices by telephone and facsimile is solely for the convenience and at the request of the Company. The Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Company to give such notice and the Agent and the Banks shall not have any liability to the Company or other Person on account of any action taken or not taken by the Agent and the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Company to repay the Loans shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic or facsimile notice.

10.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or

further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Costs and Expenses. The Company shall, whether or not the transactions contemplated hereby shall be consummated:

(a) pay or reimburse the Agent and the Arranger on demand for all costs and expenses incurred by the Agent in connection with the development, preparation, delivery, and execution of and any amendment, supplement, waiver or modification to, this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including the Attorney Costs incurred by the Agent and the Arranger with respect thereto;

(b) pay or reimburse each Bank and the Agent on demand for all costs and expenses incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies (including in connection with any "workout" or restructuring regarding the Loans) under this Agreement, any other Loan Document, and any such other documents, including Attorney Costs incurred by the Agent and any Bank; and

(c) pay or reimburse the Agent on demand for all appraisal (including the allocated cost of internal appraisal services), audit, environmental inspection and review (including the allocated cost of such internal services), search and filing costs, fees and expenses, incurred or sustained by the Agent in connection with the matters referred to under paragraphs (a) and (b) of this Section.

10.05 Indemnity. The Company shall pay, indemnify, and hold each Bank, the Agent, the Arranger and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including Attorney Costs) of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and any other Loan Documents, or the transactions contemplated hereby and thereby, and with respect to any investigation, litigation or proceeding related to this Agreement or the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section shall survive payment of all other Obligations.

10.06 Marshalling; Payments Set Aside. Neither the Agent nor the Banks shall be under any obligation to marshall any assets in favor of the Company or any other Person or against or in payment of any or all of the Obligations. To the extent that the Company makes a payment or payments to the Agent or the Banks, or the Agent or the Banks exercise their rights of set-off, and such payment or payments or the proceeds of such enforcement or set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party in connection with any Insolvency Proceeding, or otherwise, then to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred.

10.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company and the Designated Subsidiaries may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank.

10.08 Assignments, Participations, Confidentiality, etc.

(a) Any Bank may, with the written consent of the Company (which will not be unreasonably withheld) and the Agent (which will not be unreasonably withheld), at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to a Bank Affiliate of such Bank) (each an "Assignee") all, or any ratable part of all, of the Loans, the Revolving Commitments and the other rights and obligations of such Bank hereunder, in a minimum amount of $10,000,000; provided, however, that (i) the Company and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (A) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Agent by such Bank and the Assignee; and (B) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance in the form of Exhibit N ("Assignment and Acceptance").

(b) From and after the date that the Agent notifies the assignor Bank that it has received an executed Assignment and Acceptance and payment of a recordation fee of $2,500, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the

rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Immediately upon each Assignee's making its payment under the Assignment and Acceptance, this Agreement, shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Revolving Commitments arising therefrom. The Revolving Commitment allocated to each Assignee shall reduce such Revolving Commitments of the assigning Bank pro tanto.

(d) Any Bank may at any time sell to one or more commercial banks and, in respect of Bid Loans, to any other Person, (a "Participant") participating interests in any Loans, the Revolving Commitment of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company, the Designated Subsidiaries and the Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent as described in the first proviso to Section 10.01. In the case of any such participation, the Participant shall not have any rights under this Agreement, or any of the other Loan Documents, and all amounts payable by the Company or a Designated Subsidiary hereunder shall be determined as if such Bank had not sold such participation; except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all non-public information provided to it by the Company or any Subsidiary of the Company, or by the Agent on such Company's or Subsidiary's behalf, in connection with

this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information for any purpose or in any manner other than pursuant to the terms contemplated by this Agreement; except to the extent such information (i) was or becomes generally available to the public other than as a result of a disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company or subject to a fiduciary duty to the Company or its stockholders; provided further, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process, provided that the Bank will promptly notify the Company of any such process and shall make only such disclosures as such Bank's legal counsel advises are required; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; and (D) to such Bank's independent auditors and other professional advisors. Notwithstanding the foregoing, the Company authorizes each Bank to disclose to any Participant or Assignee (each, a "Transferee") and to any prospective Transferee, such financial and other information in such Bank's possession concerning the Company or its Subsidiaries which has been delivered to Agent or the Banks pursuant to this Agreement or which has been delivered to the Agent or the Banks by the Company in connection with the Banks' credit evaluation of the Company prior to entering into this Agreement; provided that, unless otherwise agreed by the Company, such Transferee agrees in writing to such Bank to keep such information confidential to the same extent required of the Banks hereunder and such Bank agrees to provide the Company with a copy of the confidentiality agreement executed in connection therewith.

(f) Notwithstanding any other provision contained in this Agreement or any other Loan Document to the contrary, any Bank may assign all or any portion of the Loans or Notes held by it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Loans or Notes made by the Company to or for the account of the assigning and/or pledging Bank in accordance with the terms of this Agreement shall satisfy the Company's obligations hereunder in respect to such assigned Loans or Notes to the extent of such payment. No such assignment shall release the assigning Bank from its obligations hereunder.

(g) Any Bank may request the Agent to obtain from the Company a promissory note evidencing the Company's Indebtedness to it hereunder for the purpose of pledging such note to a Federal Reserve Bank located outside the State of Florida.

10.09 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists, each Bank is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing to, such Bank to or for the credit or the account of the Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Company and the Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Bank under this Section 10.09 are in addition to the other rights and remedies (including other rights of set-off) which the Bank may have.

10.10 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of its Offshore Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.11 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Company and the Agent.

10.12 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.13 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Company, the Banks and the Agent, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of

action or claim in connection with, this Agreement or any of the other Loan Documents. Neither the Agent nor any Bank shall have any obligation to any Person not a party to this Agreement or other Loan Documents.

10.14 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

10.15 Waiver of Jury Trial. THE COMPANY, THE DESIGNATED SUBSIDIARIES, THE BANKS AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE DESIGNATED SUBSIDIARIES, THE BANKS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.16 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire Agreement and understanding among the Company, the Banks and the Agent, and supersedes all prior or contemporaneous Agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof, except for the fee letters referenced in subsection 2.11(d), and any prior arrangements made with respect to the payment by the Company of (or any indemnification for) any fees, costs or expenses payable to or incurred (or to be incurred) by or on behalf of the Agent or the Banks.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in New York City by their proper and duly authorized officers as of the day and year first above written.

BLOCKBUSTER ENTERTAINMENT CORPORATION

By: _____
Title: _____

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Agent

By: _____
Title: _____

Address for notices:
Bank of America National Trust
and Savings Association
1455 Market Street 12th Floor
San Francisco, CA 94103
Attn: Global Agency #5596
Facsimile: (415) 622-4894
Telex: 3726050BA GA SFO

Address for payments:
Bank of America National Trust
and Savings Association
ABA #:121-000-358-SF
For Credit to:
Bank Control Account #12333-14235
Attn: Global Agency, Unit 5596
Ref: Blockbuster

BA SECURITIES, INC., as Arranger

By: _____
Title: _____

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as a Bank

By: _____
Title: _____

Domestic and Offshore Lending Office
1850 Gateway Boulevard
Concord, CA 94520

ABN AMRO BANK N.V.

By: _____
Title: _____

Domestic and Offshore Lending Office
200 S. Biscyane Blvd., 22nd Floor
Miami, FL 33131-5311

THE BANK OF NEW YORK

By: _____
Title: _____

Domestic and Offshore Lending Office
One Wall Street, 16th Floor
Corporate Banking Admin.
New York, NY 10286

THE BANK OF NOVA SCOTIA

By: _____
Title: _____

Domestic and Offshore Lending Office
600 Peachtree St., N.E.
Suite 2700
Atlanta, GA 30308

THE BANK OF TOKYO, LTD.,
ATLANTA AGENCY

By: _____
Title: _____

Domestic and Offshore Lending Office
133 Peachtree St., N.E.
#5050
Atlanta, GA 30303-1808

BANQUE FRANCAISE DU COMMERCE EXTERIEUR

By: _____
Title: _____

By: _____
Title: _____

Domestic and Offshore Lending Office
Southwest Representative Office
333 Clay Street, Suite 4340
Houston, TX 77002
Attn: Tanya McAllister

with a copy to:

New York Branch
645 Fifth Avenue, 20th Floor
New York, NY
Attn: Joan Rankine

BANQUE PARIBAS

By: _____
Title: _____

By: _____
Title: _____

Domestic and Offshore Lending Office
787 Seventh Avenue
New York, NY 10019

BARNETT BANK OF BROWARD COUNTY, N.A.

By: _____
Title: _____

Domestic and Offshore Lending Office
One East Broward Blvd., 2nd Floor
Fort Lauderdale, FL 33301

CHEMICAL BANK

By: _____
Title: _____

Domestic and Offshore Lending Office:
270 Park Avenue
New York, NY 10017

CITIBANK, N.A.

By: _____
Title: _____

Domestic and Offshore Lending Office
c/o Citicorp North America, Inc.
400 Perimeter Center Terrace, Ste. 600
Atlanta, GA 30346

CONTINENTAL BANK N.A.

By: _____
Title: _____

Domestic and Offshore Lending Office
231 S. LaSalle St.
Chicago, IL 60697

CREDIT LYONNAIS ATLANTA AGENCY

By: _____
Title: _____

CREDIT LYONNAIS CAYMAN ISLAND BRANCH

By: _____
Title: _____

Domestic Lending Office
Credit Lyonnais Atlanta Agency
235 Peachtree Street, Suite 1700
Atlanta, GA 30303

Eurodollar Lending Office:
Credit Lyonnais Cayman Island Branch
C/O Credit Lyonnais New York Branch
1301 Avenue of the Americas
New York, NY 10019

THE DAI-ICHI KANGYO BANK LIMITED,
ATLANTA AGENCY

By: _____
Title: _____

Domestic and Offshore Lending Office
285 Peachtree Center Avenue, N.E.
Atlanta, GA 30303

THE FIRST NATIONAL BANK OF CHICAGO

By: _____
Title: _____

Domestic and Offshore Lending Office
One First National Plaza
Chicago, IL 60670

FIRST INTERSTATE BANK OF CALIFORNIA

By: _____
Title: _____

By: _____
Title: _____

Domestic and Offshore Lending Office
1055 Wilshire Blvd., MS: B10-6
Los Angeles, CA 90017

THE FIRST NATIONAL BANK OF BOSTON

By: _____
Title: _____

Domestic and Offshore Lending Office
Commercial Loan Services
74-02-04I
100 Rustcraft Road
Bedham, MA 02026

FIRST UNION NATIONAL BANK OF FLORIDA

By: _____
Title:_____

Domestic and Offshore Lending Office
Corporate Banking
200 E. Broward Blvd., Suite 900
Fort Lauderdale, FL 33301

FUJI BANK, LIMITED

By: _____
Title: _____

Domestic and Offshore Lending Office
Two World Trade Center
New York, NY 10048

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
ATLANTA AGENCY

By:_____
Title: _____

Domestic and Offshore Lending Office
One Ninety One Peachtree Tower,
191 Peachtree Street, N.E., Suite 3600
Atlanta, GA 30303-1757

KREDIETBANK N.V.

By:_____
Title:_____

Domestic and Offshore Lending Office
Grand Cayman Branch/New York Branch
125 West 55th Street
New York, NY 10019

THE LONG-TERM CREDIT BANK OF JAPAN,
LIMITED NEW YORK BRANCH

By: _____
Title: _____

Domestic and Offshore Lending Office
165 Broadway 49th Fl.
New, NY 10006

THE MITSUBISHI BANK LIMITED,
NEW YORK BRANCH

By:_____
Title: _____

Domestic and Offshore Lending Office
New York Branch
225 Liberty Street
Two World Financial Center
New York, NY 10281

NATIONAL WESTMINSTER BANK PLC,
NEW YORK BRANCH/NASSAU BRANCH

By: _____
Title:_____

By: _____
Title: _____

Domestic and Offshore Lending Office
New York Branch/Nassau Branch
175 Water Street, 19th Floor
New York, NY 10038

NATIONSBANK OF FLORIDA, N.A.

By:_____
Title:_____

Domestic and Offshore Lending Office
One NationsBank Plaza
NC1002-06-19
Charlotte, NC 28255

PNC BANK, KENTUCKY, INC.

By:_____
Title:_____

Domestic and Offshore Lending Office
201 S. Orange Ave., #750
Orlando, FL 32801

ROYAL BANK OF CANADA

By:_____
Title:_____

Domestic and Offshore Lending Office
Pierrepont Plaza
300 Cadman Plaza West
Brooklyn, NY 11201-2701

SAKURA BANK, LTD, ATLANTA AGENCY

By:_____
Title:_____

Domestic and Offshore Lending Office
245 Peachtree Center Avenue, Suite 2703
Atlanta, GA 30303

SHAWMUT BANK CONNECTICUT, N.A.

By:_____
Title:_____

Domestic and Offshore Lending Office
777 Main Street - MSN 397
Hartford, CT 06115

SOCIETE GENERALE

By:_____
Title:_____

Domestic and Offshore Lending Office
50 Rockefeller Plaza
New York, NY 10020

THE SUMITOMO BANK, LIMITED, ATLANTA AGENCY

By:_____
Title:_____

Domestic and Offshore Lending Office
133 Peachtree Street, Suite 3210
Atlanta, GA 30303

BANK/SOUTH FLORIDA, NATIONAL ASSOCIATION

By:_____
Title:_____

Domestic and Offshore Lending Office
Corporate Banking - 7th Floor
SunBank Center
501 East Las Olas Blvd.
Fort Lauderdale, FL 33301

THE TOKAI BANK, LIMITED, ATLANTA AGENCY

By:_____
Title:_____

Domestic and Offshore Lending Office
285 Peachtree Center Avenue, N.E.
Marquis Two Tower, Suite 2802
Atlanta, GA 30303

WESTDEUTSCHE LANDESBANK GIROZENTRALE

By:_____
Title:_____

By:_____
Title:_____

Domestic and Offshore Lending Office
New York Branch & Cayman Islands Branch
1211 Avenue of the Americas
New York, NY 10036

THE YASUDA TRUST AND BANKING COMPANY,
LIMITED, NEW YORK BRANCH

By:_____
Title:_____

Domestic and Offshore Lending Office
666 Fifth Avenue, Suite 801
New York, NY 10103