

SECURITIES AND EXCHANGE COMMISSION

FORM SC 14D1/A

Tender offer statement. [amend]

Filing Date: **1994-01-11**
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SUBJECT COMPANY

PARAMOUNT COMMUNICATIONS INC /DE/

CIK: **44482** | IRS No.: **741330475** | State of Incorporation: **DE** | Fiscal Year End: **0430**
Type: **SC 14D1/A** | Act: **34** | File No.: **005-10760** | Film No.: **94501009**
SIC: **7812** Motion picture & video tape production

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

FILED BY

QVC NETWORK INC

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

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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14D-1

(Tender Offer Statement Pursuant to
Section 14(d)(1) of the Securities Exchange Act of 1934)

(Amendment No. 26)

PARAMOUNT COMMUNICATIONS INC.
(Name of Subject Company)

QVC NETWORK, INC.
COMCAST CORPORATION
BELLSOUTH CORPORATION
(Bidders)

Common Stock, Par Value \$1.00 Per Share
(Including the Associated Common Stock Purchase Rights)
(Title of Class of Securities)

699216 10 7
(CUSIP Number of Class of Securities)

<TABLE>

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

</TABLE>

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

Copy to:

<TABLE>

<S>	<C>	<C>
Pamela S. Seymon Wachtell, Lipton, Rosen & Katz 51 West 52nd Street New York, NY 10019 (212) 403-1000	Dennis S. Hersch Davis Polk & Wardwell 450 Lexington Avenue New York, NY 10017 (212) 450-4000	Alan Stephenson Cravath, Swaine & Moore One Worldwide Plaza 825 Eighth Avenue New York, NY 10022 (212) 474-1000

</TABLE>

This Statement amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "Commission") on October 27, 1993, as previously amended and supplemented (the "Schedule 14D-1"), by QVC Network, Inc., a Delaware corporation ("QVC"), Comcast Corporation, a Pennsylvania corporation, and BellSouth Corporation, a Georgia corporation, and relates to a tender offer to purchase 61,607,894 of the outstanding shares of Common Stock, par value \$1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation ("Paramount"), or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer, and the associated Rights, at a price of \$92.00 per Share (and associated Right), net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 27, 1993 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto, dated November 12, 1993 (the "First Supplement"), the Second Supplement thereto, dated December 23, 1993 (the "Second Supplement"), and the related Letters of Transmittal, which were annexed to and filed with the Schedule 14D-1 as Exhibits (a) (1), (a) (17), (a) (46), (a) (2), (a) (18) and (a) (47), respectively, and the amendments thereto (which together constitute the "Offer"). Capitalized terms used and not defined herein shall have the meanings assigned such terms in the Offer and the Schedule 14D-1.

Item 4. Source and Amount of Funds or Other Consideration

The description under "Bank Financing" in Section 12 of the Offer to Purchase, as previously amended and supplemented, is hereby amended and supplemented by adding the following information:

Bank Credit Agreement. In connection with the offer, QVC has entered into a credit agreement, dated as of January 7, 1994, (the "Bank Credit Agreement") with Chemical Bank, a Co-Arranger and the Administrative Agent, and the other Co-Arrangers, with respect to the provision of the Revised Bank Financing. The terms and conditions of the Bank Credit Agreement are, except as summarized below, substantially similar to the terms and conditions of the Revised Bank Commitments, previously described in

an amendment to the Schedule 14D-1 and filed as Exhibit (b) (2) thereto.

The Permanent Facilities will consist of up to \$2.0 billion of the Term Loan Facility and \$1.0 billion of the Revolving Credit Facility. In addition to the Tender Offer Facilities and the Permanent Facilities, Chemical Bank will make available at the time of the QVC Second-Step Merger a facility (the "Swingline Facility" (and amounts extended thereunder the "Swingline Loans")) of up to \$25 million, provided that at no time can the aggregate of Revolving Loans and Swingline Loans exceed \$1 billion. The Swingline Loans will be made available the same day as a borrowing notice is received and may be used for general corporate and working capital requirements. The Swingline Loans will mature on December 22, 2000, and will bear interest at the Applicable Base Rate Margin plus the highest of (a) the applicable prime rate of Chemical Bank, (b) 0.5% plus the Federal Reserve reported certificate of deposit rate or (c) 0.5% plus the federal funds rate. With certain exceptions specified in the Bank Credit Agreement, the Swingline Facility is subject to the terms and conditions of the Revised Facilities.

Pursuant to the Bank Credit Agreement, the Term Loans will be subject to quarterly amortizations commencing on March 31, 1995. Amortization payments will start at \$50 million and increase to \$75 million on March 31, 1996 and to \$150 million on March 31, 2000.

Pursuant to the Bank Credit Agreement, all asset sales proceeds will be applied towards mandatory prepayments of principal in the inverse order of maturity (or permanent reductions of commitments under the Revised Facilities if the Term Loans have been repaid in full). All proceeds of permitted debt issuances and, with certain exceptions, permitted equity issuances will be applied towards mandatory prepayments of principal in the inverse order of maturity until such time as \$500 million of the Term Loans shall have been prepaid through the use of proceeds from asset sales, and permitted issuances of debt or equity and, thereafter, 75% of the additional proceeds from permitted issuances of debt and equity

will be so applied (or will be applied to permanent reductions of commitments under the Revised Facilities if the Term Loans have been repaid in full).

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The Bank Credit Agreement provides that the maximum consolidated leverage ratio will be 5.5:1, with a stepdown to 4.5:1 on and after July 31, 1996.

The Bank Credit Agreement is attached hereto as Exhibit (b) (3), and the foregoing summary description is qualified in its entirety by reference to such exhibit.

Item 11. Material to be Filed as Exhibits.

- (a) (1) -- Offer to Purchase, dated October 27, 1993.*
- (a) (2) -- Letter of Transmittal.*
- (a) (3) -- Notice of Guaranteed Delivery.*
- (a) (4) -- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
- (a) (5) -- Form of Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
- (a) (6) -- Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9.*
- (a) (7) -- Press release issued by QVC on October 21, 1993.*
- (a) (8) -- Form of Summary Advertisement, dated October 27, 1993.*
- (a) (9) -- Text of Letter from QVC to Paramount, dated October 29, 1993.*
- (a) (10) -- Press release issued by QVC on October 29, 1993.*
- (a) (11) -- Form of Letter to Participants in the Dividend

Reinvestment Plan of Paramount Communications
Inc.*

- (a) (12) -- Text of Letter from Paramount to QVC, dated October 29, 1993.*

* Previously filed.

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- (a) (13) -- Text of Letter from Paramount to QVC advisor, dated November 1, 1993.*
- (a) (14) -- Text of Letter from QVC advisor to Paramount, dated November 2, 1993.*
- (a) (15) -- Press release issued by QVC on November 5, 1993.*
- (a) (16) -- Press release issued by QVC on November 5, 1993.*
- (a) (17) -- Supplement to the Offer to Purchase, dated November 12, 1993.*
- (a) (18) -- Revised Letter of Transmittal.*
- (a) (19) -- Revised Notice of Guaranteed Delivery.*
- (a) (20) -- Revised Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
- (a) (21) -- Revised Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
- (a) (22) -- Press release issued by QVC on November 11, 1993.*
- (a) (23) -- Press release issued by QVC on November 12, 1993.*
- (a) (24) -- Revised Form of Letter to Participants in the Dividend Reinvestment Plan of Paramount Communications, Inc.*
- (a) (25) -- Press release issued by QVC on November 16, 1993.*

- (a) (26) -- Amended Complaint in Viacom International Inc. v. Tele-Communications, Inc., et al., dated November 9, 1993, and filed in the United States District Court for the Southern District of New York.*
- (a) (27) -- Text of letter from QVC to Paramount, dated November 19, 1993.*

* Previously filed.

-4-

- (a) (28) -- Press release issued by QVC on November 20, 1993.*
- (a) (29) -- Press release issued by QVC on November 22, 1993.*
- (a) (30) -- Press release issued by QVC on November 23, 1993.*
- (a) (31) -- Press release issued by QVC on November 23, 1993.*
- (a) (32) -- Press release issued by QVC on November 24, 1993.*
- (a) (33) -- Press release issued by QVC on December 1, 1993.*
- (a) (34) -- Press release issued by QVC on December 9, 1993.*
- (a) (35) -- Press release issued by QVC on December 10, 1993.*
- (a) (36) -- Press release issued by QVC on December 14, 1993.*
- (a) (37) -- Text of letter from Paramount advisor to QVC, dated December 14, 1993.*
- (a) (38) -- Text of letter from QVC advisor to Paramount advisor, dated December 14, 1993.*
- (a) (39) -- Press release issued by QVC on December 15,

1993.*

- (a) (40) -- Press release issued by QVC on December 16, 1993.*
- (a) (41) -- Text of letter from Paramount advisor to QVC advisor, dated December 17, 1993.
- (a) (42) -- Text of letter from QVC advisor to Viacom advisor, dated December 17, 1993.*

* Previously filed.

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- (a) (43) -- Text of letter from QVC to Paramount, dated December 20, 1993.*
- (a) (44) -- Press release issued by QVC on December 20, 1993.*
- (a) (45) -- Press release issued by QVC on December 20, 1993.*
- (a) (46) -- Second Supplement to the Offer to Purchase, dated December 23, 1993.*
- (a) (47) -- Second Revised Letter of Transmittal.*
- (a) (48) -- Second Revised Notice of Guaranteed Delivery.*
- (a) (49) -- Second Revised Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
- (a) (50) -- Second Revised Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Nominees.*
- (a) (51) -- Second Revised Form of Letter to Participants in the Dividend Reinvestment Plan of Paramount Communications Inc.*
- (a) (52) -- Press release issued by QVC on December 22, 1993.*

- (a) (53) -- Press release issued by QVC on December 27, 1993.*
- (a) (54) -- Press release issued by QVC on January 7, 1994.*
- (a) (55) -- Press release issued by QVC on January 10, 1994.*
- (b) (1) -- Commitment Letters, dated September 30, 1993, by and between QVC and certain banks.*
- (b) (2) -- Commitment Letters, dated November 19, 1993, by and between QVC and certain banks.*
- (b) (3) -- Bank Credit Agreement, dated as of January 7, 1994, by and between QVC and certain banks.

* Previously filed.

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- (c) (1) -- Commitment Letter, dated October 15, 1993, by and among QVC and certain investors named therein.*
- (c) (2) -- Stockholders Agreement, dated July 16, 1993, among Liberty Media Corporation, Comcast Corporation, Arrow Investments, L.P. and certain affiliates and subsidiaries of such parties.*
- (c) (3) -- Agreement Among Stockholders, dated October 15, 1993.*
- (c) (4) -- Proposed form of merger agreement delivered by QVC to Paramount.*
- (c) (5) -- First Amended and Supplemental Complaint in QVC Network, Inc. v. Paramount Communications Inc. filed October 28, 1993 in the Delaware Chancery Court.*
- (c) (6) -- Voting Trust Agreement, dated as of October 28, 1993, between QVC and G. William Miller.*
- (c) (7) -- Informational request from QVC to Paramount, dated November 1, 1993.*
- (c) (8) -- Fair bidding procedures delivered by QVC to Par-

amount on November 1, 1993.*

- (c) (9) -- Proposed form of merger agreement delivered by QVC to Paramount on November 1, 1993.*
- (c) (10) -- Commitment Letter, dated November 11, 1993, by and among QVC and certain investors named therein.*
- (c) (11) -- Memorandum of Understanding, dated November 11, 1993, by and between QVC and BellSouth.*
- (c) (12) -- Liberty-QVC Agreement, dated November 11, 1993, by and between QVC and Liberty.*
- (c) (13) -- Agreement Among Stockholders, dated November 11, 1993, among QVC, Advance, Arrow, BellSouth, Comcast and Cox.*

* Previously filed.

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- (c) (14) -- Understanding Among Stockholders, dated November 11, 1993, among Arrow, BellSouth, Comcast and Liberty.*
- (c) (15) -- Agreement Containing Consent Order and Interim Agreement, dated November 12, 1993, among the FTC, Liberty, and TCI.*
- (c) (16) -- BellSouth Commitment Letter, dated November 19, 1993, by and between BellSouth and QVC.*
- (c) (17) -- Memorandum Opinion and Preliminary Injunction Order in QVC Network, Inc. v. Paramount Communications, Inc., C.A. No. 13208, both dated November 24, 1993, entered by Delaware Chancery Court.*
- (c) (18) -- Revised Memorandum Opinion, dated November 26, 1993, in QVC Network, Inc. v. Paramount Communications, Inc., C.A. No. 13208, entered by Delaware Chancery Court.*
- (c) (19) -- Order, dated December 9, 1993, in Paramount Com-

munications Inc. v. QVC Network, Inc., C.A. No. 13208, entered by Delaware Supreme Court.*

- (c) (20) -- Proposed form of merger agreement delivered by Paramount to QVC on December 14, 1993.*
- (c) (21) -- Text of letter from QVC advisor to Paramount advisor, dated December 10, 1993.*
- (c) (22) -- Text of letter from Paramount advisor to QVC advisor, dated December 14, 1993.*
- (c) (23) -- Agreement and Plan of Merger, between Paramount and QVC, dated as of December 22, 1993.*
- (c) (24) -- Exemption Agreement, between Paramount and QVC, dated December 22, 1993.*
- (c) (25) -- Voting Agreement, dated December 22, 1993, among BellSouth, Comcast, Cox, Advance and Arrow.*

* Previously filed.

-8-

- (c) (26) -- First Amendment, dated as of December 27, 1993, to Agreement and Plan of Merger, between Paramount and QVC.*
- (c) (27) -- Letter Agreement, dated as of December 20, 1993, by and among QVC, Comcast, Cox, Advance and BellSouth.*

* Previously filed.

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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.

QVC NETWORK, INC.

By: /s/ Neal S. Grabell
Neal S. Grabell
Senior Vice President,
General Counsel and
Corporate Secretary

Dated: January 11, 1994

SIGNATURE

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

COMCAST CORPORATION

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

Dated: January 11, 1994

SIGNATURE

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

BELLSOUTH CORPORATION

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

Dated: January 11, 1994

EXHIBIT INDEX

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* Previously filed.

Exhibit (b) (3)

CONFORMED COPY

\$3,000,000,000

CREDIT AGREEMENT

among

QVC NETWORK, INC.,

VARIOUS LENDING INSTITUTIONS,

THE BANK OF NOVA SCOTIA,

BARCLAYS BANK PLC,

CHEMICAL BANK,

LTCB TRUST COMPANY,

NATIONSBANK OF TEXAS, N.A.

and

TORONTO DOMINION (TEXAS), INC.

AS CO-ARRANGERS

and

CHEMICAL BANK,

AS ADMINISTRATIVE AGENT

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CREDIT AGREEMENT, dated as of January 7, 1994, among QVC NETWORK, INC., a Delaware corporation (the "Borrower"), the lending institutions listed from time to time on Schedule I hereto (each a "Bank" and, collectively, the "Banks"), THE BANK OF NOVA SCOTIA, BARCLAYS BANK PLC, CHEMICAL BANK, LTCB TRUST COMPANY, NATIONSBANK OF TEXAS, N.A. and TORONTO DOMINION (TEXAS), INC., as Co-Arrangers (the "Co-Arrangers") and CHEMICAL BANK, as administrative agent (the "Administrative Agent"). Unless otherwise defined herein, all capitalized terms used herein and defined in Section 9 are used herein as so defined.

W I T N E S S E T H :

WHEREAS, subject to and upon the terms and conditions set forth herein, the Banks are willing to make available to the Borrower the credit facilities provided for herein.

NOW, THEREFORE, IT IS AGREED:

SECTION 1. Amount and Terms of Credit.

1.01 Commitments. (A) Subject to and upon the terms and conditions herein set forth, each Bank severally agrees to make a loan or loans (each a "Loan" and, collec-

tively, the "Loans") to the Borrower, which Loans shall be drawn, to the extent such Bank has a commitment under such Facility, under the Tender Offer-A Facility, the Tender Offer-B Facility, the Term Loan Facility, the Revolving Credit Facility and the Swingline Facility, as set forth below:

(a) Each Loan under the Tender Offer-A Facility (each a "Tender Offer-A Loan" and, collectively, the "Tender Offer-A Loans") (i) shall be made from time to time after the Effective Date and prior to the Tender Offer Maturity Date, provided that Share Purchase Loans may not be incurred on more than one date, (ii) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided that all Tender Offer-A Loans made by all Banks pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Loans of the same Type, and provided further that Share Purchase Loans will be initially incurred as, and be maintained for at least three Business Days as, Base Rate Loans and (iii) shall not exceed for any Bank at any time outstanding that aggregate

principal amount which equals the Tender Offer-A Commitment of such Bank at such time.

(b) Each Loan under the Tender Offer-B Facility (each a "Tender Offer-B Loan" and, collectively, the "Tender Offer-B Loans") (i) shall be made at any time and from time to time on and after the Initial Borrowing Date and prior to the Merger Borrowing Date, (ii) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided that all Tender Offer-B Loans made by all Banks pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Loans of the same Type, and (iii) shall not exceed for any Bank at any time outstanding that aggregate principal amount which equals the Tender Offer-B Commitment of such Bank.

(c) Each Loan under the Term Loan Facility (each a "Term Loan" and, collectively, the "Term Loans") (i) shall be made pursuant to one drawing, which shall be on the Merger Borrowing Date, (ii) except as hereinafter provided, may, at the option of the Borrower, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided that all Term Loans made by all Banks pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Loans of the same Type, and (iii) shall not exceed for any Bank at the time of incurrence thereof on the Merger Borrowing Date that amount which equals the Term Loan Commitment, if any, of such Bank on such date. Once repaid, Term Loans may not be reborrowed.

(d) Each Loan under the Revolving Credit Facility (each a "Revolving Loan" and, collectively, the "Revolving Loans") (i) shall be made at any time and from time to time on and after the Merger Borrowing Date and prior to the Final Maturity Date, (ii) except as hereinafter provided, may, at the option of the Borrower, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided that all Revolving Loans made by all Banks pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Loans of the same Type, (iii) may be repaid and reborrowed in accordance with the provisions hereof, (iv) shall not exceed in aggregate principal amount for any Bank at any time outstanding that amount which equals the Revolving Commitment, if any, of such Bank at such time and (v) shall not exceed in aggregate principal amount for all Banks at any time outstanding that amount which, when

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added to the then aggregate outstanding principal amount of Swingline Loans, would equal the Total Revolving Commitment at such time.

(e) Subject to and upon the terms and conditions herein set forth, Chemical Bank in its individual capacity

agrees, at any time and from time to time after the Merger Borrowing Date and prior to the Swingline Expiry Date, to make a loan or loans (each a "Swingline Loan" and, collectively, the "Swingline Loans") to the Borrower, which Swingline Loans (i) shall be made and maintained as Base Rate Loans, (ii) shall not exceed at any time outstanding Chemical Bank's Swingline Commitment, (iii) shall not exceed in aggregate principal amount at any one time outstanding, when combined with the aggregate principal amount of all Revolving Loans then outstanding, the Total Revolving Commitment then in effect, (iv) shall be repaid no later than 10 Business Days after the date incurred and (v) may be repaid and reborrowed in accordance with the provisions hereof. On the Swingline Expiry Date, all Swingline Loans shall be repaid in full. Chemical Bank shall not make any Swingline Loan after receiving a written notice from the Borrower or any Bank stating that a Default or an Event of Default exists and is continuing until such time as Chemical Bank shall have received written notice of (i) rescission of all such notices from the party or parties originally delivering such notice or (ii) the waiver of such Default or Event of Default by the Required Banks. On any Business Day, Chemical Bank may, in its sole discretion, give notice to the Banks that all then outstanding Swingline Loans shall be funded with a Borrowing of Revolving Loans (provided that such notice shall be deemed to have been automatically given upon the occurrence of an Event of Default under Section 8.05), in which case a Borrowing of Revolving Loans constituting Base Rate Loans (each such Borrowing, a "Mandatory Borrowing") shall be made on the immediately succeeding Business Day by all RL Banks pro rata based on each RL Bank's Revolving Commitment and the proceeds thereof shall be applied directly to Chemical Bank to repay such outstanding Swingline Loans. Each RL Bank hereby irrevocably agrees to make such Revolving Loans upon one Business Day's notice pursuant to each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the date specified to it in writing by Chemical Bank notwithstanding (i) that the amount of the Mandatory Borrowing may not comply with the minimum amount for a Borrowing specified in Section 1.01(B), (ii) whether any conditions specified in Section 4 are then satisfied, (iii) whether a Default or an Event of Default has occurred and

is continuing, (iv) the date of such Mandatory Borrowing and (v) any reduction in the Total Revolving Commitment after any such Swingline Loans were made. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code in respect of the Borrower), each RL Bank hereby agrees that it shall forthwith purchase from Chemical Bank (without recourse or warranty) such assignment of the outstanding Swingline Loans as shall be necessary to cause the RL Banks to share in such Swingline Loans ratably based upon their respective Revolving Commitments, provided that all interest payable on such Swingline Loans shall be for the account of Chemical Bank until the date the respective assignment is purchased and, to the extent attributable to the purchased assignment, shall be payable to the Bank purchasing same from and after such date of purchase.

(B) The aggregate principal amount of each Borrowing under a Facility shall not be less than the Minimum Borrowing Amount for such Facility. More than one Borrowing may be incurred on any day, provided that (x) at no time prior to the Syndication Date shall there be more than one Borrowing of Tender Offer-A Loans constituting Eurodollar Loans, and (y) at no time thereafter shall there be outstanding more than 15 Borrowings of Eurodollar Loans.

1.02 Notice of Borrowing. (a) Whenever the Borrower desires to incur Loans under any Facility (other than the Swingline Facility), it shall give the Administrative Agent at its Notice Office, prior to 12:00 Noon (New York time), at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Eurodollar Loans and at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Base Rate Loans to be made hereunder. Each such notice (each, together with a notice delivered pursuant to Section 1.02(b), a "Notice of Borrowing") shall be irrevocable and shall specify (i) the Facility pursuant to which such Borrowing is to be made, (ii) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (iii) the date of Borrowing (which shall be a Business Day) and (iv) whether the respective Borrowing shall consist of Base Rate Loans or Eurodollar Loans and, if Eurodollar Loans, the Interest Period to be initially applicable thereto. The Administrative Agent

shall promptly give each Bank written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing, of such Bank's proportionate share thereof and of the other matters covered by the Notice of Borrowing.

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(b) Whenever the Borrower desires to make a Borrowing of Swingline Loans hereunder, it shall give the Administrative Agent no later than 12:00 Noon (New York time) on the day such Swingline Loan is to be made, written notice (or telephonic notice promptly confirmed in writing) of the Swingline Loan to be made hereunder. Each such notice shall be irrevocable and specify in each case (i) the date of Borrowing (which shall be a Business Day) and (ii) the aggregate principal amount of the Swingline Loans to be made pursuant to such Borrowing. The Administrative Agent shall promptly give Chemical Bank written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Swingline Loans and of the other matters covered by the Notice of Borrowing.

(c) Mandatory Borrowings shall be made upon the notice specified in Section 1.01(A)(e), with the Borrower irrevocably agreeing, by its incurrence of any Swingline Loan, to the making of Mandatory Borrowings as set forth in such Section.

(d) Without in any way limiting the obligation of the Borrower to confirm in writing any notice it may give hereunder by telephone, the Administrative Agent may act prior to receipt of written confirmation without liability upon the basis of any such telephonic notice (which is identified as such), believed by the Administrative Agent in good faith to be from an Authorized Officer of the Borrower as a person entitled to give telephonic notices under this Agreement on behalf of the Borrower. In each such case the Borrower hereby waives the right to dispute the Administrative Agent's record of the terms of any such telephonic notice.

1.03 Disbursement of Funds. (a) No later than 1:00

P.M. (3:00 P.M. in the case of Swingline Loans) (New York time) on the date specified in each Notice of Borrowing, each Bank will make available its pro rata share, if any, of each Borrowing requested to be made on such date in the manner provided below, provided that the principal amount of Loans to be so made available on the Merger Borrowing Date shall be net of the aggregate principal amount of Tender Offer Loans of such Bank required to be repaid on such date, with the amount not so made available to be applied by such Bank to the repayment of such Tender Offer Loans. All amounts shall be made available to the Administrative Agent in U.S. dollars and immediately available funds at the Payment Office and the Administrative Agent promptly will make available to the Borrower by depositing to its account at the Payment Office the aggregate of the amounts so made available in the type of funds received. Unless the

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Administrative Agent shall have been notified by any Bank prior to the date of Borrowing that such Bank does not intend to make available to the Administrative Agent its portion, if any, of the Borrowing or Borrowings to be made on such date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on such date of Borrowing, and the Administrative Agent, in reliance upon such assumption, may (in its sole discretion and without any obligation to do so) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Bank and the Administrative Agent has made available same to the Borrower, the Administrative Agent shall be entitled to recover such corresponding amount from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower, and the Borrower shall within 2 Business Days of notice thereof pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover from such Bank or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower to the date such corresponding amount is recovered by the Administrative Agent, at

a rate per annum equal to (x) if to be paid by such Bank, the overnight Federal Funds Rate or (y) if to be paid by the Borrower, the then applicable rate of interest, calculated in accordance with Section 1.07, for the respective Loans.

(b) Notwithstanding the foregoing, the Special Funding Procedures Letter shall be executed by the Borrower and each Bank on or prior to the Effective Date to provide for mutually satisfactory arrangements whereby a pre-funding of the initial Tender Offer Loans by the Banks with a Tender Offer Commitment shall be made in advance of the Initial Borrowing Date.

(c) Nothing herein shall be deemed to relieve any Bank from its obligation to fulfill its commitments hereunder or to prejudice any rights which the Borrower may have against any Bank as a result of any default by such Bank hereunder.

1.04 Notes. (a) The Borrower's obligation to pay the principal of, and interest on, the Loans made by each Bank shall be evidenced (i) if Tender Offer-A Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit A-1 with blanks appropriately completed in conformity herewith (each a "Tender Offer-A Note" and, collectively, the "Tender Offer-A Notes"), (ii) if Tender Offer-B Loans, by a promissory note duly executed and delivered by the

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Borrower substantially in the form of Exhibit A-2 with blanks appropriately completed in conformity herewith (each a "Tender Offer-B Note" and, collectively, the "Tender Offer-B Notes"), (iii) if Term Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit A-3 with blanks appropriately completed in conformity herewith (each a "Term Note" and, collectively, the "Term Notes"), (iv) if Revolving Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit A-4, with blanks appropriately completed in conformity herewith (each a "Revolving Note" and collectively the "Revolving Notes") and (v) if Swingline Loans, by a promissory note duly executed and delivered by the Borrower substantially in the

form of Exhibit A-5, with blanks appropriately completed in conformity herewith (the "Swingline Note").

(b) The Tender Offer-A Note, if any, issued to each Bank shall (i) be payable to the order of such Bank and be dated the Tender Offer Closing Date, (ii) be in a stated principal amount equal to the Tender Offer-A Commitment of such Bank and be payable in the principal amount of the Tender Offer-A Loans evidenced thereby, (iii) mature on the Tender Offer Maturity Date, (iv) bear interest as provided in the appropriate clause of Section 1.07 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (v) be subject to mandatory repayment as provided in Section 3.02 and (vi) be entitled to the benefits of this Agreement and the other Credit Documents.

(c) The Tender Offer-B Note, if any, issued to each Bank shall (i) be payable to the order of such Bank and be dated the Tender Offer Closing Date, (ii) be in a stated principal amount equal to the Tender Offer-B Commitment of such Bank and be payable in the principal amount of the Tender Offer-B Loans evidenced thereby, (iii) mature on the Tender Offer Maturity Date, (iv) bear interest as provided in the appropriate clause of Section 1.07 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (v) be subject to mandatory repayment as provided in Section 3.02 and (vi) be entitled to the benefits of this Agreement and the other Credit Documents.

(d) The Term Note, if any, issued to each Bank shall (i) be payable to the order of such Bank and be dated the Merger Borrowing Date, (ii) be in a stated principal amount equal to the Term Loan made or acquired by such Bank and be payable in the principal amount of the Term Loans evidenced thereby, (iii) mature on the Final Maturity Date, (iv) bear interest as provided in the appropriate clause of Section 1.07 in respect of the Base Rate Loans and Eurodollar Loans, as the

case may be, evidenced thereby, (v) be subject to mandatory repayment as provided in Section 3.02 and (vi) be entitled to

the benefits of this Agreement and the other Credit Documents.

(e) The Revolving Note, if any, issued to each Bank shall (i) be payable to the order of such Bank and be dated the Merger Borrowing Date, (ii) be in a stated principal amount equal to the Revolving Commitment of such Bank and be payable in the principal amount of the Revolving Loans evidenced thereby, (iii) mature on the Final Maturity Date, (iv) bear interest as provided in the appropriate clause of Section 1.07 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (v) be subject to mandatory repayment as provided in Section 3.02 and (vi) be entitled to the benefits of this Agreement and the other Credit Documents.

(f) The Swingline Note issued to Chemical Bank shall (i) be payable to the order of Chemical Bank and be dated the Merger Borrowing Date, (ii) be in a stated principal amount equal to the Swingline Commitment and be payable in the outstanding principal amount of the Swingline Loans evidenced thereby, (iii) mature on the Swingline Expiry Date, (iv) be subject to mandatory prepayment as provided in Section 3.02, (v) bear interest as provided in the appropriate clause of Section 1.07 in respect of the Base Rate Loans evidenced thereby and (vi) be entitled to the benefits of this Agreement and the other Credit Documents.

(g) Each Bank will note on its internal records the amount of each Loan made by it and each payment in respect thereof and will prior to any transfer of any of its Notes endorse on the reverse side thereof the outstanding principal amount of Loans evidenced thereby and the last date or dates on which interest has been paid in respect of the Loans evidenced thereby. Failure to make any such notation shall not affect the Borrower's obligations in respect of such Loans, or affect the validity of such transfer by any Bank of such Note.

1.05 Conversions. (a) The Borrower shall have the option to convert on any Business Day all or a portion at least equal to the applicable Minimum Borrowing Amount of the outstanding principal amount of the Loans owing by the Borrower pursuant to a single Facility (other than under the Swingline Facility, with all Swingline Loans to at all times be maintained as Base Rate Loans) into a Borrowing or Borrowings pursuant to such Facility of another Type of Loan, provided that (i) no partial conversion of a Borrowing of Eurodollar Loans shall reduce the outstanding principal amount of the Eurodollar Loans pursuant to such Borrowing to less than the Minimum Borrowing Amount applicable thereto, (ii) Base Rate Loans may only

be converted into Eurodollar Loans if no Default or Event of Default is in existence on the date of the conversion and (iii) Borrowings of Eurodollar Loans resulting from this Section 1.05 shall be limited in number as provided in Section 1.01(B). Each such conversion shall be effected by the Borrower by giving the Administrative Agent at its Notice Office, prior to 12:00 Noon (New York time), at least three Business Days (or one Business Day in the case of a conversion into Base Rate Loans) prior written notice (or telephonic notice promptly confirmed in writing) (each a "Notice of Conversion") specifying the Loans to be so converted, the Type of Loans to be converted into and, if to be converted into a Borrowing of Eurodollar Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Bank prompt notice of any such proposed conversion affecting any of its Loans.

(b) The Administrative Agent shall have the one time right (exercisable after consultation with each Co- Arranger), in connection with reaching the Syndication Date and upon at least two Business Days prior written notice to the Borrower, to require that all Tender Offer Loans then outstanding as Eurodollar Loans be converted into Base Rate Loans, with the Borrower not having the right to thereafter convert Base Rate Loans into Eurodollar Loans for three Business Days following such forced conversion.

1.06 Pro Rata Borrowings. All Borrowings of Loans under this Agreement (other than under the Swingline Facility) shall be loaned by the Banks pro rata on the basis of their Tender Offer-A Commitments, Tender Offer-B Commitments, Term Loan Commitments or Revolving Commitments, as the case may be. It is understood that no Bank shall be responsible for any default by any other Bank in its obligation to make Loans hereunder and that each Bank shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Bank to fulfill its commitments hereunder.

1.07 Interest. (a) The unpaid principal amount of each Base Rate Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum which shall at all times be the

Applicable Base Rate Margin plus the Base Rate in effect from time to time.

(b) The unpaid principal amount of each Eurodollar Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum which shall at all times be the Applicable Eurodollar Margin plus the relevant Eurodollar Rate.

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(c) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan shall bear interest at a rate per annum equal to the Base Rate in effect from time to time plus the sum of (i) 2% and (ii) the Applicable Base Rate Margin, provided that no Loan shall bear interest after maturity (whether by acceleration or otherwise) at a rate per annum less than 2% plus the rate of interest applicable thereto at maturity.

(d) Interest shall accrue from and including the date of any Borrowing to but excluding the date of any repayment thereof and shall be payable (i) in respect of each Base Rate Loan that is a Tender Offer Loan, monthly in arrears on the last Business Day of each month, (ii) in respect of each Term Loan or Revolving Loan, quarterly in arrears on the last day of each calendar quarter and, in respect of each Eurodollar Loan, on the last day of each Interest Period applicable thereto and (iii) in respect of each Loan, on any prepayment or conversion (on the amount prepaid or converted), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(e) All computations of interest hereunder shall be made in accordance with Section 11.07(b).

(f) The Administrative Agent, upon determining the interest rate for any Borrowing of Eurodollar Loans for any Interest Period, shall promptly notify the Borrower and the Banks thereof in writing.

1.08 Interest Periods. At the time the Borrower gives a Notice of Borrowing or Notice of Conversion in respect of the making of, or conversion into, a Borrowing of Eurodollar Loans (in the case of the initial Interest Period applicable thereto) or prior to 12:00 Noon (New York time) on the third Business Day prior to the expiration of an Interest Period applicable to a Borrowing of Eurodollar Loans, it shall have the right to elect by giving the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of the Interest Period applicable to such Borrowing, which Interest Period shall, at the option of the Borrower, be a one, two, three or six or, if available to each Bank required to make or maintain the respective Loans (as determined by each such Bank for itself in good faith), nine or twelve month period, provided that only a one month period may be elected for Tender Offer Loans. Notwithstanding anything to the contrary contained above:

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(i) the initial Interest Period for any Borrowing of Eurodollar Loans shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of Base Rate Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iii) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day, provided that if any Interest Period would otherwise expire on a day which is not a Business Day but is a day of the month

after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(iv) no Interest Period may be elected if it would extend beyond (x) in the case of Tender Offer Loans, the Tender Offer Maturity Date or (y) in the case of Term Loans and Revolving Loans, the Final Maturity Date;

(v) no Interest Period may be elected at any time when a Default or Event of Default is then in existence; and

(vi) no Interest Period with respect to any Borrowing of Term Loans may be elected that would extend beyond any date upon which a Scheduled Repayment is required to be made if, after giving effect to the selection of such Interest Period, the aggregate principal amount of Term Loans maintained as Eurodollar Loans with Interest Periods ending after such date would exceed the aggregate principal amount of Term Loans permitted to be outstanding after such Scheduled Repayment.

If upon the expiration of any Interest Period, the Borrower has failed to elect a new Interest Period to be applicable to the respective Borrowing of Eurodollar Loans as provided above, the Borrower shall be deemed to have elected to convert such Borrowing into a Borrowing of Base Rate Loans effective as of the expiration date of such current Interest Period.

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1.09 Increased Costs, Illegality, etc. (a) In the event that (x) in the case of clause (i) below, the Administrative Agent or (y) in the case of clauses (ii) and (iii) below, any Bank shall have reasonably determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto):

(i) on any date for determining the Eurodollar Rate

for any Interest Period that, by reason of any changes arising after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loans (other than any increased cost or reduction in the amount received or receivable resulting from the imposition of or a change in the rate of taxes or similar charges) because of (x) any change since the date of this Agreement in any applicable law, governmental rule, regulation, guideline, order or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, guideline, order or request (such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves payable pursuant to Section 1.09(c)) and/or (y) other circumstances adversely affecting the interbank Eurodollar market or the position of such Bank in such market; or

(iii) at any time, that the making or continuance of any Eurodollar Loan has become unlawful by compliance by such Bank in good faith with any law, governmental rule, regulation, guideline or order (or would conflict with any such governmental rule, regulation, guideline or order not having the force of law but with which such Bank customarily complies even though the failure to comply therewith would not be unlawful), or has become impracticable as a result of a contingency occurring after the date of this Agreement which adversely affects the interbank Eurodollar market;

then, and in any such event, such Bank (or the Administrative Agent in the case of clause (i) above) shall (x) on such date and (y) within three Business Days of the date on which such event no longer exists give notice (by telephone confirmed in writing) to the Borrower and (except in the case of clause (i))

to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Banks). Thereafter (x) in the case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Banks that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to Eurodollar Loans which have not yet been incurred shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall pay to such Bank, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as shall be required to compensate such Bank for such increased costs or reductions in amounts receivable hereunder (a written notice as to the additional amounts owed to such Bank, showing the basis for the calculation thereof, submitted to the Borrower by such Bank shall, absent manifest error, be final and conclusive and binding upon all parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 1.09(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any Eurodollar Loan is affected by the circumstances described in Section 1.09(a)(ii), (iii) or 1.09(c), the Borrower may (and in the case of a Eurodollar Loan affected pursuant to Section 1.09(a)(iii) shall) either (i) if the affected Eurodollar Loan is then being made pursuant to a Borrowing, (x) cancel said Borrowing or (y) require the affected Bank to make its requested Loan as a Base Rate Loan, in each case by giving the Administrative Agent telephonic notice (confirmed promptly in writing) thereof on the same date that the Borrower was notified by a Bank pursuant to Section 1.09(a)(ii) or (iii), or (ii) if the affected Eurodollar Loan is then outstanding, upon at least three Business Days' notice to the Administrative Agent, require the affected Bank to convert each such Eurodollar Loan into a Base Rate Loan, provided that if more than one Bank is affected by the same matter at any time, then all affected Banks must be treated the same pursuant to this Section 1.09(b). Unless a Bank that has made demand for additional costs pursuant to Section 1.09(a) or 1.09(c) subsequently informs the Borrower that such additional costs are no longer applicable, the Borrower may, at the time it subsequently requests a Borrowing of Eurodollar Loans, assume that such additional costs will be applicable and require such Bank to make all its requested Loans as Base Rate Loans.

(c) In the event that any Bank shall reasonably determine (which determination shall, absent manifest error, be

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final and conclusive and binding on all parties hereto) at any time that by reason of Regulation D such Bank is required to maintain reserves in respect of Eurodollar loans or liabilities during any period it has a Eurodollar Loan outstanding, then such Bank shall promptly notify the Borrower by telephone confirmed in writing specifying the additional amounts required to indemnify such Bank against the cost of maintaining such reserves (such written notice to provide in sufficient detail a computation of such additional amounts) and the Borrower shall directly pay to such Bank such specified amounts as additional interest at the time that it is otherwise required to pay interest in respect of such Eurodollar Loan or, if later, on demand.

(d) If any Bank determines in good faith at any time that the adoption or effectiveness of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or actual compliance by such Bank or its parent corporation with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of increasing the costs to such Bank or its parent corporation to a level above that, or reducing the rate of return on such Bank's or parent corporation's capital or assets as a consequence of its commitments or obligations hereunder to a level below that, which such Bank or its parent corporation could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Bank's or parent corporation's policies with respect to capital adequacy), then from time to time, upon written demand by such Bank (with a copy to the Administrative Agent), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank or its parent corporation for such increase or reduction. Each Bank, upon determining in good

faith that any additional amounts will be payable pursuant to this Section 1.09(d), will give prompt written notice thereof to the Borrower, which notice shall set forth the basis of the calculation of such additional amounts, provided that the Borrower will not be responsible for additional costs owing to such Bank pursuant to this Section 1.09(d) accruing more than 180 days prior to such Bank giving such notice.

1.10 Compensation. The Borrower shall compensate each Bank, upon its written request (which request shall set forth the basis for requesting such compensation), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason

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of the liquidation or reemployment of deposits or other funds required by such Bank to fund its Eurodollar Loans) which such Bank may sustain: (i) if for any reason (other than a failure by such Bank to fund its Loans when required by the terms of this Agreement) a Borrowing of Eurodollar Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to Section 1.09(a)); (ii) if any repayment or conversion of any of its Eurodollar Loans occurs on a date which is not the last day of an Interest Period applicable thereto; (iii) if any prepayment of any of its Eurodollar Loans is not made on any date specified in a notice of prepayment given by the Borrower; or (iv) as a consequence of (x) any other default by the Borrower to repay its Eurodollar Loans when required by the terms of this Agreement or (y) an election made pursuant to Section 1.09(b). Calculation of all amounts payable to a Bank under this Section 1.10 shall be made as though that Bank had actually funded its relevant Eurodollar Loan through the purchase of a Eurodollar deposit bearing interest at the Eurodollar Rate in an amount equal to the amount of that Loan, having a maturity comparable to the relevant Interest Period and through the transfer of such Eurodollar deposit from an offshore office or affiliate of that Bank to a domestic office of that Bank in the United States of America (or if such Bank has no offshore office or affiliate, from an offshore office of the Administrative Agent to the domestic

office of the Administrative Agent); provided, however, that each Bank may fund each of its Eurodollar Loans in any manner it sees fit and the foregoing assumption shall be utilized only for the calculation of amounts payable under this Section 1.10.

1.11 Change of Lending Office. Each Bank agrees that, upon the occurrence of any event giving rise to the operation of Section 1.09(a)(ii) or (iii), 1.09(c), 1.09(d) or 3.04 with respect to such Bank, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another lending office of such Bank for any Loans affected by such event, provided that such designation is made on such terms that such Bank and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding or reducing to the full extent possible the consequence of the event giving rise to the operation of any such Section. Nothing in this Section 1.11 shall affect or postpone any of the obligations of the Borrower or the right of any Bank provided in Section 1.09 or 3.04.

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SECTION 2. Fees; Commitments.

2.01 Fees. (a) The Borrower agrees to pay to the Administrative Agent a commitment commission ("Commitment Commission") for the account of (x) each Bank with a Tender Offer Commitment for the period from and including the Tender Offer Closing Date to but not including the Tender Offer Maturity Date (or, if earlier, the date on which the Total Tender Offer Commitment has been terminated) and (y) each RL Bank for the period from and including the Merger Borrowing Date to but not including the Final Maturity Date (or, if earlier, the date on which the Total Revolving Commitment has been terminated), in each case computed at a rate for each day equal to the Applicable CC Percentage for such day on such Bank's unutilized Tender Offer Commitment or Revolving Commitment, as the case

may be. Such Commitment Commission shall be due and payable in arrears on the last Business Day of each month (in the case of Tender Offer Commitments) or calendar quarter (in the case of Revolving Commitments) and on the date upon which the Total Revolving Commitment is terminated.

(b) The Borrower shall pay to each of the Co-Arrangers (x) on the Initial Borrowing Date for its own account and/or for distribution to the Banks such fees as heretofore agreed by the Borrower and the Co-Arrangers and (y) for its own account, such other fees as may be agreed to from time to time between the Borrower and any such Co-Arranger, when and as due.

(c) All computations of Fees shall be made in accordance with Section 11.07(b).

2.02 Voluntary Reduction of Commitments. Upon at least three Business Days' prior written notice (or telephonic notice confirmed in writing) to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Banks), the Borrower shall have the right at any time after the Merger Borrowing Date, without premium or penalty, to terminate the unutilized Total Revolving Commitment, in part or in whole, provided that (x) any such termination shall apply to proportionately and permanently reduce the Revolving Commitment of each of the RL Banks and (y) any partial reduction pursuant to this Section 2.02 shall be in the amount of at least \$10,000,000.

2.03 Mandatory Adjustments of Commitments, etc. (a) The Total Commitment (and the Tender Offer Commitment, Term Loan Commitment and Revolving Loan Commitment of each Bank) shall be terminated on the Expiration Date unless the Initial Borrowing Date has occurred on or before such date.

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(b) The Total Tender Offer Commitment shall (x) terminate on the earlier of (i) the Tender Offer Maturity Date and (ii) the date on which a Change of Control Event occurs and (y) be reduced on each date on which Tender Offer Loans are re-

quired to be repaid pursuant to Section 3.02(A) (c), (d) or (e) in the amount of such repayment.

(c) The Total Term Loan Commitment and Total Revolving Commitment shall terminate on the date, if any, prior to the Merger Borrowing Date on which the Total Tender Offer Commitment is terminated.

(d) The Total Term Loan Commitment shall be reduced on each date on which the Total Tender Offer Commitment is reduced pursuant to Section 2.03(b) in the amount of such reduction.

(e) The Total Revolving Commitment shall also terminate on the earlier of (x) the Final Maturity Date and (y) the date on which a Change of Control Event occurs.

(f) The Total Term Loan Commitment shall also terminate on the Merger Borrowing Date, after giving effect to the incurrence of Term Loans on such date.

(g) The Total Revolving Commitment shall be reduced on each date set forth below by the amount set forth opposite such date (each a "Scheduled Reduction"):

Reduction Date	Amount
December 31, 1997	\$100,000,000
December 31, 1998	\$100,000,000
December 31, 1999	\$300,000,000

(h) The Total Revolving Commitment shall be reduced at the time any mandatory repayment of the Term Loans would be required pursuant to Section 3.02(A) (c), (d), (e) or (g) if Term Loans were then outstanding in an amount, if any, by which the amount of such required repayment (determined as if an unlimited amount of Term Loans were then outstanding) exceeds the aggregate amount of Term Loans then outstanding, with such reductions (in the case of Section 3.02(A) (c), (d) or (e)) to be applied to the remaining Scheduled Reductions (x) when resulting from a Section 3.02(A) (c) event, in inverse order and (y) in all other cases, pro rata among same.

(i) Each reduction of the Total Tender Offer Commitment, Total Term Loan Commitment or Total Revolving Commitment pursuant to this Section 2.03 shall apply proportionately to the Tender Offer Commitment, Term Loan Commitment or Revolving Commitment, as the case may be, of each Bank.

SECTION 3. Payments.

3.01 Voluntary Prepayments. The Borrower shall have the right to prepay Revolving Loans and/or Term Loans in whole or in part, without penalty or fee except as otherwise provided in this Agreement, from time to time on the following terms and conditions: (i) the Borrower shall give the Administrative Agent at the Payment Office written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay the Loans, whether such Loans are Term Loans or Revolving Loans, the amount of such prepayment and (in the case of Eurodollar Loans) the specific Borrowing(s) pursuant to which made, which notice shall be given by the Borrower at least two Business Days prior to the date of such prepayment, which notice shall promptly be transmitted by the Administrative Agent to each of the Banks; (ii) each partial prepayment of any Borrowing shall be in an aggregate principal amount of at least \$10,000,000 (or \$5,000,000 in the case of Revolving Loans or \$1,000,000 in the case of Swingline Loans), provided that no partial prepayment of Eurodollar Loans made pursuant to a Borrowing shall reduce the aggregate principal amount of the Loans outstanding pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount applicable thereto; and (iii) each prepayment in respect of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans. Each prepayment of Term Loans pursuant to this Section 3.01 shall (x) until such time as the Term Loan Reduction has been achieved, reduce the remaining Scheduled Repayments in inverse order of maturity and (y) after the Term Loan Reduction has been achieved, reduce pro rata the remaining Scheduled Repayments.

3.02 Mandatory Prepayments.

(A) Requirements:

(a) If on any date the sum of the aggregate outstanding principal amount of Revolving Loans plus the aggregate outstanding principal amount of Swingline Loans exceeds the

Total Revolving Commitment as then in effect, the Borrower shall repay on such date the principal first of Swingline Loans and then of Revolving Loans in an aggregate amount equal to such excess.

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(b) On each date set forth below the Borrower shall be required to repay the principal amount of Term Loans as is set forth opposite such date (each such repayment, a "Scheduled Repayment", and each such date a "Scheduled Repayment Date"):

Scheduled Repayment Date	Amount
March 31, 1995	\$ 50,000,000
June 30, 1995	\$ 50,000,000
September 30, 1995	\$ 50,000,000
December 31, 1995	\$ 50,000,000
March 31, 1996	\$ 75,000,000
June 30, 1996	\$ 75,000,000
September 30, 1996	\$ 75,000,000
December 31, 1996	\$ 75,000,000
March 31, 1997	\$ 75,000,000
June 30, 1997	\$ 75,000,000
September 30, 1997	\$ 75,000,000
December 31, 1997	\$ 75,000,000
March 31, 1998	\$ 75,000,000
June 30, 1998	\$ 75,000,000
September 30, 1998	\$ 75,000,000
December 31, 1998	\$ 75,000,000
March 31, 1999	\$ 75,000,000
June 30, 1999	\$ 75,000,000
September 30, 1999	\$ 75,000,000
December 31, 1999	\$ 75,000,000
March 31, 2000	\$150,000,000
June 30, 2000	\$150,000,000
September 30, 2000	\$150,000,000
December 31, 2000	\$150,000,000

(c) On (x) the Business Day after the date of re-

ceipt by the Borrower or any of its Subsidiaries of the Cash Proceeds of any Asset Sale, an amount equal to the Estimated Net Cash Proceeds of such Asset Sale shall be applied to the prepayment of the outstanding principal amount of (i) if prior to the Merger Borrowing Date, the Tender Offer Loans (first to outstanding Tender Offer-B Loans and when paid in full, to Tender Offer-A Loans) and (ii) if thereafter, the Term Loans and (y) the Business Day on which the Final Net Cash Proceeds of any such Asset Sale is determined (the Borrower hereby agreeing to make such determination within 60 days after consummation of such Asset Sale), an amount equal to the excess of such Final Net Cash Proceeds over the Estimated Net Cash Proceeds of such Asset Sale shall be applied in the same manner as provided in (x) above.

(d) On each date of the receipt thereof by the Borrower or any of its Subsidiaries of an amount equal to the Net

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Debt Issuance Proceeds of the incurrence after the Initial Borrowing Date of Indebtedness (other than Indebtedness permitted by Section 7.03 (other than Section 7.03(1)) as such Section is in effect on the Effective Date), (x) all of such amount until such time as the Term Loan Reduction has been achieved and (y) after the Term Loan Reduction has been achieved, 75% of additional Net Debt Issuance Proceeds shall, in each case, be applied to the prepayment of the outstanding principal amount of (i) if prior to the Merger Borrowing Date, the Tender Offer Loans (first to outstanding Tender Offer-B Loans and when paid in full, to Tender Offer-A Loans) and (ii) if thereafter, the Term Loans.

(e) On each date of the receipt thereof by the Borrower or any of its Subsidiaries of an amount equal to the Net Equity Issuance Proceeds of the sale of equity consummated after the Initial Borrowing Date (other than (i) the issuance to BellSouth of Investor Voting Preferred and Borrower Common Stock upon satisfaction of the BellSouth Conditions as contemplated by Section 2.01(a) of the Investment Agreement, (ii) exchanges by the Specified Equity Investors of Investor Non-Voting Preferred for Investor Voting Preferred and/or Bor-

rower Common Stock (as applicable), (iii) issuances of Borrower Common Stock, Merger Preferred and Merger Warrants pursuant to the Merger as provided in the Offer to Purchase, (iv) issuances of Borrower Common Stock in payment of dividends and/or interest on the Borrower Preferred Stock or Permitted Subordinated Debt (or to the limited extent provided in the Finance Co. Loan Agreement, on the Subordinated Finance Co. Note), (v) issuances by the Borrower of Borrower Common Stock and/or Borrower Preferred Stock (weighted no more heavily in favor of Borrower Preferred Stock than the allocation among common and preferred applicable to the proposed BellSouth equity investment) following the BellSouth Notice to the extent the proceeds thereof are used to repay the principal of, and accrued and unpaid interest on, the Subordinated Finance Co. Note; (vi) the issuance to employees of and consultants to the Borrower and its Subsidiaries of Borrower Common Stock and the exercise of stock options issued to such persons, (vii) issuances of Borrower Common Stock and/or Borrower Preferred Stock to a seller, or to some or all the Principal Stockholders, to finance the purchase of, or investment in, stock or assets to the extent such purchase or investment is permitted by Section 7.01 or 7.04 or, in the case of issuances to the Principal Stockholders, to finance working capital needs of the Borrower and its Subsidiaries, (viii) issuances of equity of the Borrower to one or more Persons (other than pursuant to a public offering or a widely dispersed Rule 144A or similar placement) to the extent that the proceeds of such issuance are used, concurrently with the receipt thereof, to repurchase from existing holders any shares

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of equity of the Borrower but only if the equity so issued does not have a higher priority (i.e., as between common stock and preferred stock and not between classes of preferred stock), and does not have a right to greater annual cash payments, than, in each case, the shares of equity of the Borrower so repurchased, (ix) issuances of Borrower Common Stock and/or Investor Preferred pursuant to the Investment Agreement or otherwise, to the extent utilized to purchase Shares pursuant to the Tender Offer, (x) issuances in the normal course of business for nominal consideration of Borrower Preferred Stock or Borrower Common Stock to cable operators for carriage, (xi)

issuances of Borrower Common Stock upon exercise of Merger Warrants to the extent that (m) the aggregate net cash proceeds received from all such issuances on any Business Day are less than \$1,000,000 (provided that this subclause (m) shall cease to be applicable to excluded net cash proceeds once they aggregate \$5,000,000) and (n) the exercise price is paid with Merger Preferred (and/or Permitted Subordinated Debt exchanged therefor), and (xii) issuances of equity by Subsidiaries of the Borrower to the extent permitted by Section 7.12), (I) all of such amount until such time as the Term Loan Reduction has been reached and (II) after the Term Loan Reduction has been achieved, 75% of Additional Net Equity Issuance Proceeds, shall be applied to the prepayment of the outstanding principal amount of (A) if prior to the Merger Borrowing Date, the Tender Offer Loans (first to outstanding Tender Offer-B Loans and when paid in full, to Tender Offer-A Loans) and (B) if thereafter, the Term Loans.

(f) On the date a Change of Control Event occurs, the outstanding principal amount of the Term Loans shall be due and payable in full.

(g) On each Scheduled Repayment Date following the date of an issuance of Permitted Subordinated Debt pursuant to Section 7.05(f)(y), the Borrower shall, if on such Scheduled Repayment Date the condition specified in Section 7.05(f)(x) for issuing Permitted Subordinated Debt is not then satisfied, repay Term Loans in an amount equal to the result of multiplying (x) an amount equal to the Alternate Reduction Amount for such issuance by (y) a fraction (i) the numerator of which is the remaining Scheduled Repayment due on such Scheduled Repayment Date as of the date of such issuance and (ii) the denominator of which is an amount equal to the aggregate outstanding principal amount of all Term Loans as of the date of such issuance, such repayment not to be applied against satisfaction of the Scheduled Repayment due on such date (except to the extent there are no subsequent remaining Scheduled Repayments) but shall be applied as provided in Section 3.02(B)(a).

(B) Application:

(a) All prepayments of Loans made pursuant to Section 3.02(A)(c), (d)(x), (e)(I) or (g) shall be applied to reduce the remaining Scheduled Repayments in inverse order of maturity and all prepayments of Loans made pursuant to Section 3.02(A)(d)(y) or (e)(II) shall be applied pro rata among the remaining Scheduled Repayments.

(b) With respect to each prepayment of Loans required by this Section 3.02, the Borrower may designate the Types of Loans which are to be prepaid and the specific Borrowing(s) under the affected Facility pursuant to which made, provided that (i) each prepayment of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans; and (ii) if any prepayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount for such Eurodollar Loans, such Borrowing shall be immediately converted into Base Rate Loans. In the absence of a designation by the Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its sole discretion with a view, but no obligation, to minimize breakage costs owing under Section 1.10.

3.03 Method and Place of Payment. Except as otherwise specifically provided herein, all payments under this Agreement shall be made to the Administrative Agent for the ratable account of the Banks entitled thereto, not later than 1:00 P.M. (New York time) on the date when due and shall be made in immediately available funds and in lawful money of the United States of America at the Payment Office. Any payments under this Agreement which are made later than 1:00 P.M. (New York time) shall be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension.

3.04 Net Payments. All payments made by the Borrower hereunder, under any Note or under any other Credit Document will be made without setoff, counterclaim or other defense. All such payments will be made free and clear of, and without deduction or withholding for, any taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature hereafter (as a result of a change after the date hereof

in any applicable law, rule or regulation) imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein (but excluding, except as provided below, any tax imposed on or measured by the net income of a Bank pursuant to the laws of the jurisdiction in which the principal office or applicable lending office of such Bank is located or under the laws of any political subdivision or taxing authority of any such jurisdiction in which the principal office or applicable lending office of such Bank is located) and all interest, penalties or similar liabilities with respect thereto (collectively, "Taxes"). The Borrower shall also reimburse each Bank, upon the written request of such Bank, for taxes imposed on or measured by the net income of such Bank pursuant to the laws of the United States of America, any State or political subdivision thereof, or the jurisdiction in which the principal office or applicable lending office of such Bank is located or of any political subdivision or taxing authority of any such jurisdiction as such Bank shall determine are payable by such Bank in respect of Taxes paid to or on behalf of such Bank pursuant to this or the preceding sentence. If any Taxes are so levied or imposed, the Borrower agrees to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due hereunder, under any Note or under any other Credit Document, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. The Borrower will furnish to the Administrative Agent within five days after the date the payment of any Taxes, or any withholding or deduction on account thereof, is due pursuant to applicable law certified copies of tax receipts evidencing such payment by the Borrower. The Borrower will indemnify and hold harmless the Administrative Agent and each Bank, and reimburse the Administrative Agent or such Bank upon its written request, for the amount of any Taxes so levied or imposed and paid or withheld by such Bank.

SECTION 4. Conditions Precedent.

4.01 Conditions Precedent to Initial Borrowing Date. The obligation of each Bank to make any Tender Loans on the

Initial Borrowing Date is subject to the satisfaction of the following conditions at such time:

(a) Effectiveness; Notes. On or prior to the Tender Offer Closing Date (i) the Effective Date shall have occurred and (ii) there shall have been delivered to the Administrative Agent for the account of each Bank the appropriate Tender Offer Notes executed by the Borrower, in each case, in the amount, maturity and as otherwise provided herein.

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(b) Officer's Certificate. On the Tender Offer Closing Date, the Administrative Agent shall have received a certificate dated the Tender Offer Closing Date signed on behalf of the Borrower by the President, any Executive Vice President or the Chief Financial Officer of the Borrower stating that all the conditions in Sections 4.01(f), (g), (h), (i), (j), (k), (o), (p), (q) and (r) and 4.03 (in each case to the extent not dependent on the satisfaction or judgement of the Administrative Agent, any Co-Arranger and/or the Required Banks and assuming, if no Tender Offer Loans are made on the Tender Offer Closing Date, Share Purchase Loans in an aggregate amount equal to the Differential were borrowed) have been satisfied on such date.

(c) Opinions of Counsel. On the Tender Offer Closing Date, the Administrative Agent shall have received an opinion, or opinions, addressed to each of the Banks and dated the Tender Offer Closing Date, from (i) Wachtell, Lipton, Rosen & Katz, special counsel to the Borrower, Young, Conaway, Stargatt & Taylor, special Delaware counsel to the Borrower, Neal Grabell, Esq., General Counsel of the Borrower, Hogan & Hartson, special FCC counsel to the Borrower and Foley & Lardner, counsel to the VTA Trustee, covering in form and substance satisfactory to the Administrative Agent, the matters set forth in Exhibit B-1 hereto, which opinions shall cover such other matters incident to the transactions contemplated herein as the

Administrative Agent may reasonably request, and (ii) White & Case, special counsel to the Banks, in the form of Exhibit B-2 hereto.

(d) Subsidiary Guaranty. On or prior to the Tender Offer Closing Date, each Initial Subsidiary Guarantor shall have duly authorized, executed and delivered a subsidiary guaranty in the form of Exhibit C hereto (as modified, supplemented or amended from time to time, the "Subsidiary Guaranty"), and the Subsidiary Guaranty shall be in full force and effect.

(e) Pledge Documents. On or prior to the Tender Offer Closing Date, the Borrower shall have duly authorized, executed and delivered (x) a Voting Trust Agreement in substantially the form of Exhibit D-1 hereto and shall have delivered to (or issued irrevocable instructions that will result in the delivery to) the Trustee thereunder (the "VTA Trustee") all of the Stock referred to therein then owned by, or required to be delivered to, the Borrower, and (y) a Pledge Agreement substantially in the

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form of Exhibit D-2 hereto and shall have delivered to the Administrative Agent as Pledgee thereunder, inter alia, executed and undated stock powers and the VTA Trustee shall have executed and delivered a Pledge Agreement substantially in the form of Exhibit D-3 hereto and shall have delivered to (or issued irrevocable instructions that will result in the delivery to) the Administrative Agent as Pledgee thereunder all of the Stock referred to therein to be delivered to the VTA Trustee pursuant to the VTA.

(f) Form U-1. On the Tender Offer Closing Date, the Borrower shall have delivered to each Bank a duly completed Form U-1 referred to in Regulation U. On each date upon which Tender Offer Loans are being incurred which are "purpose loans" as defined in Regulation U, each Bank shall be able in good faith to complete an addendum to said Form U-1 showing that the Tender Offer Loans then being made satisfy the collateral requirements of Regula-

tion U.

(g) Tender Offer Documents. On or prior to the Tender Offer Closing Date, there shall have been delivered to the Banks true and correct copies of the Tender Offer Documents and the Additional Tender Offer Documents (which Additional Tender Offer Documents, other than any Additional Tender Offer Document consisting solely of an amendment extending the expiration date of the Tender Offer, shall be reasonably satisfactory to the Administrative Agent, provided that any Additional Tender Offer Document amending the terms or conditions of the Tender Offer in any material respect, other than any amendment consisting solely of an extension of the expiration date of the Tender Offer, shall be reasonably satisfactory to each of the Co-Arrangers) and each of the conditions to purchase contained in the Offer to Purchase shall have been satisfied to the satisfaction of, or, if applicable, waived with the consent of, each Co-Arranger (as if it were the Borrower).

(h) Tender of Shares of PCI. On the Initial Borrowing Date, (i) there shall have been validly tendered to the Borrower and not withdrawn at least 61,607,894 Shares (or, if greater, the number of Shares equal to 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of then exercisable stock options, as of the Tender Offer Closing Date), and the price per Share paid pursuant to the Offer to Purchase shall not exceed the Maximum Price Per Share and (ii) the Shares to be purchased on such date shall have been validly tendered to the Borrower, free and clear of all Liens and restrictions to

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purchase imposed by applicable law or otherwise and such Shares shall not have been validly withdrawn and shall be available for purchase in accordance with the terms and conditions set forth in the Offer to Purchase.

(i) Issuance to Specified Equity Investors. On or prior to the Tender Offer Closing Date, (i) the Borrower

shall have received gross cash proceeds in the aggregate amount of at least \$1,500,000,000 from the issuance by the Borrower to the Specified Equity Investors of its Investor Preferred and Borrower Common Stock and (ii) the Administrative Agent and the Banks shall have received copies of the Investor Documents certified as true and correct by an Authorized Officer of the Borrower, and the terms and conditions of the Investor Documents shall be in form and substance satisfactory to each Co-Arranger and the Required Banks.

(j) BellSouth. On or prior to the Tender Offer Closing Date, (i) QVC Finance Sub and BellSouth Finance shall have formed a Delaware limited purpose general partnership ("Finance Co."), which shall have received a cash contribution of at least \$1,500,000,000 from BellSouth Finance as provided for in Section 2.04 of the Investment Agreement, which contribution shall have been loaned by Finance Co. to the Borrower pursuant to a subordinated loan evidenced by the Subordinated Finance Co. Note and (ii) the Administrative Agent and the Banks shall have received copies of the BellSouth Documents certified as true and correct by an Authorized Officer of the Borrower, and the terms and conditions of the BellSouth Documents (including, without limitation, the terms and conditions of the Subordinated Finance Co. Note (including subordination provisions, interest rates, prepayments, maturities, automatic extensions, covenants, redemption provisions, defaults and remedies with respect thereto)) shall be in form and substance satisfactory to each Co-Arranger and the Required Banks.

(k) Use of Other Funds. Prior to or concurrently with the initial incurrence of Tender Offer Loans, the Borrower shall have utilized all proceeds received by it as described in preceding clauses (i) and (j) to purchase Shares in connection with the Offer to Purchase and to pay certain fees and expenses in connection therewith.

(l) Consent Letter. On the Tender Offer Closing Date, the Administrative Agent shall have received a letter from Corporation Service Company, presently located at 4 Central Avenue, Albany, NY 12210, in the form of Exhibit

E indicating its consent to its appointment by each current Credit Party as their agent to receive service of process.

(m) Corporate Documents; Proceedings; Officer's Certificates. (i) On the Tender Offer Closing Date, the Administrative Agent shall have received from each Credit Party a certificate, dated the Tender Offer Closing Date, signed and attested to by an Authorized Officer of such Person, in the form of Exhibit F with appropriate insertions, together with copies of the Certificate of Incorporation and By-Laws of such Credit Party and the resolutions of such Credit Party referred to in such certificate and the foregoing shall be reasonably satisfactory to the Administrative Agent.

(ii) On the Tender Offer Closing Date, all corporate and legal proceedings and all instruments and agreements in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received all information and copies of all certificates, documents and papers, including good standing certificates and any other records of corporate proceedings and governmental approvals, if any, which the Administrative Agent may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

(n) Payment of Fees. On or prior to the Initial Borrowing Date, all costs, fees and expenses, and all other compensation contemplated by this Agreement, due from the Borrower to the Administrative Agent or the Banks (including, without limitation, legal fees and expenses) shall have been paid by the Borrower to the extent due.

(o) Approvals. On the Tender Offer Closing Date, all necessary governmental and third party approvals in connection with the transactions contemplated by the Credit Documents and the Transaction Documents and otherwise referred to herein or therein shall have been obtained and remain in effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority which restrains or prevents such transactions or imposes, in the reasonable judgment of the Required Banks or the Administrative Agent, materi-

ally adverse conditions upon the consummation of such transactions, it being understood that the FCC Long-Form

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Approval and the Company Stockholder Approval need not be obtained to satisfy this clause (o).

(p) Adverse Change. From October 31, 1993 to the Tender Offer Closing Date, nothing shall have occurred (nor shall any of the Co-Arrangers or the Banks become aware of any facts not previously known) which the Required Banks or any of the Co-Arrangers shall reasonably determine (i) has, or is reasonably likely to have, a material adverse effect on the rights or remedies of the Banks, or the Administrative Agent, or on the ability of the Borrower to perform its obligations to the Banks or the Administrative Agent or (ii) has, or is reasonably likely to have, a Material Adverse Effect.

(q) Litigation. Except as set forth on Schedule IX, no litigation by any entity (private or governmental) shall be pending or threatened on the Initial Borrowing Date (a) with respect to this Agreement or any other Credit Document, (b) which could reasonably be expected to have a material adverse effect with respect to the Acquisition or any Transaction Document, or (c) which any of the Co-Arrangers or the Required Banks shall reasonably determine could reasonably be expected to have a Material Adverse Effect.

(r) Proxy Materials. All Proxy Materials, if any, shall have been delivered to the Banks, and such Proxy Materials shall be reasonably satisfactory in form and substance to the Administrative Agent and each Co-Arranger.

4.01A Certain Share Purchase Loans. Notwithstanding the provisions of Section 4.01, if Tender Offer Loans are not incurred on the Tender Offer Closing Date, the obligation of the Banks to make Share Purchase Loans during the period com-

mencing on the date following the Tender Offer Closing Date and ending on the date which is 10 Business Days after the Tender Offer Closing Date shall only be subject to the following conditions:

(i) each of the conditions specified in Section 4.01 (except that the Section 4.01(b) certificate will not refer to Section 4.01(h) or (k)) required to be satisfied on the Tender Offer Closing Date was satisfied (such satisfaction to be evidenced by delivery on the Tender Offer Closing Date of a certificate of the Administrative Agent, on behalf of the Banks, to such effect);

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(ii) the conditions specified in Section 4.03(a) and Section 4.01(o) and (p) would have been satisfied on the Tender Offer Closing Date if Share Purchase Loans in an aggregate principal amount at least equal to the Differential were borrowed on such date (such satisfaction to be evidenced by the delivery of the officer's certificate referred to in Section 4.01(b) and delivery on the Tender Offer Closing Date of a certificate from the Administrative Agent, on behalf of the Required Banks, that the condition specified in Section 4.01(p) was satisfied);

(iii) the conditions specified in Section 4.01(f), (h) and (k) are satisfied at the time of the making of such Loans;

(iv) there shall exist on the date of the making of such Loans no judgment, order, injunction or other restraint issued or filed with respect to the purchase of Shares pursuant to the Offer to Purchase, the making of such Loans or the consummation of the Merger; and

(v) no Default or Event of Default exists on the date of the making of such Loans under Section 8.05 in respect of the Borrower or PCI or any of their "significant subsidiaries" (as such term is defined in the Securi-

4.02 Conditions Precedent to Merger Borrowing Date. The obligation of each Bank to make any Loans on the Merger Borrowing Date is subject to the satisfaction of the following conditions at such time:

(a) Notes. On or prior to the Merger Borrowing Date there shall have been delivered to the Administrative Agent for the account of each Bank the appropriate Term Loan Note and/or Revolving Note executed by the Borrower, in each case, in the amount, maturity and as otherwise provided herein.

(b) Officer's Certificate. On the Merger Borrowing Date, the Administrative Agent shall have received a certificate dated the Merger Borrowing Date signed on behalf of the Borrower by the President, any Executive Vice President or the Chief Financial Officer of the Borrower stating that all the conditions in Sections 4.02(f), (l), (m), (n) and (o) and 4.03 have been satisfied on such date (to the extent not dependent on the satisfaction or judgment of the Administrative Agent, any Co-Arranger and/or the Required Banks).

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(c) Opinions of Counsel. On the Merger Borrowing Date, the Administrative Agent shall have received an opinion, or opinions, addressed to each of the Banks and dated the Merger Borrowing Date, from (i) Wachtell, Lipton, Rosen & Katz, special counsel to the Borrower, Young, Conaway, Stargatt & Taylor, special Delaware counsel to the Borrower, Neal Grabell, Esq., General Counsel of the Borrower and Hogan & Hartson, special FCC counsel to the Borrower, covering, in form and substance satisfactory to the Administrative Agent, the matters set forth in Exhibit B-1 hereto (modified to take into account that the relevant opinions are being delivered on the Merger Borrowing Date), which opinions shall cover such other matters incident to the transactions contemplated herein and

to be then effected, as the Administrative Agent may reasonably request, and (ii) White & Case, special counsel to the Banks, in the form of Exhibit B-3 hereto.

(d) Bring-Downs. On the Merger Borrowing Date, the Administrative Agent shall have received confirmatory bring-downs, each dated the Merger Borrowing Date, of all opinions and certificates delivered pursuant to Section 4.01 which the Administrative Agent shall request.

(e) Subsidiary Guaranty. On or prior to the Merger Borrowing Date, each Additional Subsidiary Guarantor shall have duly authorized, executed and delivered a counterpart of the Subsidiary Guaranty, and the Subsidiary Guaranty shall be in full force and effect.

(f) Merger. Prior to the Merger Borrowing Date, there shall have been delivered to the Administrative Agent and the Banks all Merger Documents certified as true and correct by an Authorized Officer of the Borrower, all of which Merger Documents shall be (x) in the form delivered to the Banks pursuant to Section 4.01(g) or (y) otherwise in form and substance reasonably satisfactory to each of the Co-Arrangers and each of the conditions precedent to the consummation of the Merger as set forth in the Merger Documents shall have been satisfied to the reasonable satisfaction of each Co-Arranger. Additionally, there shall not exist any judgment, order or injunction prohibiting or imposing material adverse conditions upon the consummation of the Merger. The Merger shall have been consummated in accordance with the terms and conditions of the Merger Documents and all applicable laws and material contracts.

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(g) Organizational Documentation, etc. To the extent not theretofore delivered in connection on the Initial Borrowing Date, on the Merger Borrowing Date, the

Administrative Agent shall have received copies of, or amendments to, the Certificate of Incorporation and By-Laws of Paramount and each other Credit Party and any agreements entered into by any such entity governing the terms and relative rights of its capital stock, in each case certified as true and complete by an appropriate governmental or corporate official, and the provisions of the foregoing shall be reasonably satisfactory to the Administrative Agent.

(h) Solvency Opinion. On the Merger Borrowing Date, the Banks shall have received opinions of value and other appropriate factual information and expert advice (including, to the extent reasonably requested by the Co-Arrangers, appraisals of specified properties) supporting the conclusions that, after giving effect to the Merger and the contemplated borrowings of the full amount which will be available under the Total Commitment, with respect to each of (i) the Borrower and its Subsidiaries taken as a whole and (ii) Paramount and its Subsidiaries taken as whole (x) the sum of their/its assets, at a fair valuation, will exceed their/its debts, (y) they/it will not have incurred debts beyond their/its ability to pay such debts as such debts mature, and (z) they/it will have sufficient capital with which to conduct their/its business. For purposes of this Section 4.01(h), "debt" shall have the meaning assigned thereto in Section 5.11.

(i) Insurance Policies. On the Merger Borrowing Date, the Administrative Agent shall have received evidence of insurance complying with the requirements of Section 6.09 for the business and properties of the Borrower and its Subsidiaries, in form and substance reasonably satisfactory to the Administrative Agent.

(j) Consent Letter. On the Merger Borrowing Date, the Administrative Agent shall have received a letter from Corporation Service Company, presently located at 4 Central Avenue, Albany, NY 12210, in the form of Exhibit E indicating its consent to its appointment by each current Credit Party as their agent to receive service of process.

(k) Corporate Documents. On the Merger Borrowing Date, all corporate and legal proceedings and all instruments and agreements in connection with the transactions

contemplated by this Agreement and the other Credit Documents shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received all information and copies of all certificates, documents and papers, including good standing certificates and any other records of corporate proceedings and governmental approvals, if any, which the Administrative Agent or any Co-Arranger may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

(l) Approvals. On the Merger Borrowing Date, all necessary governmental and third party approvals in connection with the transactions contemplated by the Credit Documents and the Transaction Documents and otherwise referred to herein or therein shall have been obtained and remain in effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority which restrains or prevents such transactions or imposes, in the reasonable judgment of the Required Banks or the Administrative Agent, materially adverse conditions upon the consummation of such transactions.

(m) Adverse Change. From October 31, 1993 to the Merger Borrowing Date, nothing shall have occurred (nor shall any of the Co-Arrangers or the Banks become aware of any facts not previously known) which the Required Banks or any of the Co-Arrangers shall reasonably determine (i) has, or is reasonably likely to have, a material adverse effect on the rights or remedies of the Banks, or the Administrative Agent, or on the ability of the Borrower to perform its obligations to the Banks or the Administrative Agent or (ii) has, or is reasonably likely to have, a Material Adverse Effect.

(n) Litigation. Except as set forth on Schedule IX, no litigation by any entity (private or governmental) shall be pending or threatened on the Merger Borrowing Date (a) with respect to this Agreement or any other Credit Document, (b) which could reasonably be expected to have a material adverse effect with respect to the Merger or any Transaction Document, or (c) which any of the

Co-Arrangers or the Required Banks shall reasonably determine could reasonably be expected to have a Material Adverse Effect.

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(o) Plans; etc. On or prior to the Merger Borrowing Date, there shall have been made available to the Administrative Agent and its counsel (which copies, to the extent not designated as confidential, may be made available to the Banks) copies, certified as true and correct by an Authorized Officer of the Borrower, of (a) any Plans, other than any Plans which have terminated prior to the Merger Borrowing Date and any Plans in which none of the Borrower, any Subsidiary or any ERISA Affiliate participates as of the Merger Borrowing Date, and for each such Plan (x) that is a "single-employer plan" (as defined in Section 4001(a)(15) of ERISA) the most recently completed actuarial valuation prepared therefor by such Plan's regular enrolled actuary and the Schedule B, "Actuarial Information" to the IRS Form 5500 (Annual Report) most recently filed with the Internal Revenue Service and (y) that is a "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA), each of the documents referred to in clause (x) either in the possession of the Borrower or reasonably available thereto from the sponsor or trustees of such Plan, (b) any collective bargaining agreements or any other similar agreement or arrangements covering the employees of the Borrower or any of its Subsidiaries (collectively, the "Collective Bargaining Agreements"), (c) any material agreements (or the forms thereof) with members of, or with respect to, the management of the Borrower or any of its Subsidiaries (collectively, the "Management Agreements"), (d) any material employment agreements entered into by the Borrower or any of its Subsidiaries (collectively, the "Employment Agreements"), (e) all agreements entered into by the Borrower or any of its Subsidiaries governing the terms and relative rights of its capital stock and any agreements of which the Bor-

rower has knowledge entered into by shareholders relating to any such entity with respect to their capital stock (collectively, the "Shareholders' Agreements"), (f) all agreements governing the Existing Indebtedness (the "Existing Indebtedness Agreements") and (g) all tax sharing, tax allocation and other similar agreements entered into by the Borrower, and/or any of its Subsidiaries (collectively, the "Tax Sharing Agreements"), all of which Plans, Collective Bargaining Agreements, Management Agreements, Employment Agreements, Shareholders' Agreements, Existing Indebtedness Agreements and Tax Sharing Agreements shall be in form and substance reasonably satisfactory to the Administrative Agent.

(p) Due Diligence. The Co-Arrangers shall have completed, to the reasonable satisfaction of each Co-Arranger and the Required Banks, the Co-Arrangers' business and

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legal due diligence analysis and review with respect to the assets, liabilities, businesses, operations, conditions and (financial or otherwise) of the Borrower, PCI and their respective Subsidiaries.

4.03 Conditions Precedent to All Loans. The obligation of each Bank to make any Loans is subject, at the time of each such Loans (including on the Initial Borrowing Date) to the satisfaction of the following conditions at such time:

(a) No Default; Representations and Warranties. At the time of each Loan and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein or in the other Credit Documents in effect at such time shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of the making of such Loan (except to the extent any representation or warranty is expressly made as of a specific date, in which case such representation and warranty shall be true and correct in all material respects as of such date).

(b) Notice of Borrowing. The Administrative Agent shall have received a Notice of Borrowing with respect to such Borrowing of Loans meeting the requirements of Section 1.02.

The acceptance of the benefits of each Loan shall constitute a representation and warranty by the Borrower to each of the Banks that all of the applicable conditions specified in this Section 4 are then satisfied. All of the certificates, legal opinions and other documents and papers referred to in this Section 4, unless otherwise specified, shall be delivered to the Administrative Agent at its Notice Office for the account of each of the Banks and, except for the Notes, in sufficient counterparts or copies for each of the Banks and shall be satisfactory in form and substance to the Administrative Agent.

SECTION 5. Representations, Warranties and Agreements. In order to induce the Banks to enter into this Agreement and to make the Loans as provided for herein, the Borrower makes the following representations and warranties to, and agreements with, the Banks, all of which shall survive the execution and delivery of this Agreement and the making of the Loans (with the incurrence of each Loan being deemed to constitute a representation and warranty that the matters specified in this Section 5 are true and correct in all material respects on and as of the date of making each such Loan (and, in the

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case of the Merger Borrowing Date, after giving effect to the Merger), except to the extent that any representation or warranty is expressly made as of a specific date, in which case such representation or warranty shall be true and correct in all material respects as of such specific date), it being understood that, without modifying the stated provisions of Section 4.03(a)(ii) or 8.02, the representations in this Section 5 relating to PCI and its Subsidiaries, to the extent made prior to completion of the Borrower's due diligence with respect thereto, are made to the best knowledge of the Borrower:

5.01 Corporate Status. Each of the Borrower and its Subsidiaries (i) is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its organization and has the corporate power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (ii) has duly qualified and is authorized to do business and is in good standing in all jurisdictions where it is required to be so qualified and where the failure to be so qualified is reasonably likely to have a Material Adverse Effect.

5.02 Corporate Power and Authority. Each of the Borrower and its Subsidiaries has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Documents, if any, to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents to which it is a party. Each Credit Party has duly executed and delivered each Document to which it is a party and each such Document constitutes the legal, valid and binding obligation of such Credit Party enforceable in accordance with its terms.

5.03 No Violation. Neither the execution, delivery and performance by any of the Borrower or any of its Subsidiaries of the Credit Documents to which it is a party nor compliance with the terms and provisions thereof, nor the consummation of the transactions contemplated therein (i) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict or be inconsistent with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or (other than pursuant to the Pledge Documents) result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of the Borrower or any of its Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which the Borrower or any of its Subsidiaries is a party or by which it or any of its property or assets are bound

or to which it may be subject, including without limitation the Existing Indebtedness Agreements or (iii) will violate any provision of the charter or By-Laws of the Borrower or any of its Subsidiaries. Except as set forth on Schedule IV hereto, neither the execution, delivery or performance of the Merger Agreement (once executed by the parties thereto) nor consummation of the Merger will conflict with or be inconsistent with or result in any breach of, any of the material terms, covenants, conditions or provisions of, or constitute a material default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the material property of the Borrower or any of its Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, instrument, agreement relating to Indebtedness or other material agreement to which the Borrower or any of its Subsidiaries is a party or by which any of its property may be bound or to which it may be subject.

5.04 Litigation. Except as set forth in Schedule IX, there are no actions, suits or proceedings pending or threatened with respect to the Borrower or any of its Subsidiaries that are reasonably likely to have a Material Adverse Effect or that could reasonably have a material adverse effect on (a) the rights or remedies of the Banks or on the ability of any Credit Party to perform its obligations to them hereunder and under the other Credit Documents to which it is, or will be, a party or (b) the ability to consummate in a timely manner the Acquisition in accordance with Section 6.10.

5.05 Use of Proceeds, etc. (a) The proceeds of all Tender Offer Loans shall be utilized (i) to pay for Shares purchased pursuant to the Offer to Purchase, and (ii) to pay certain fees and expenses arising in connection with the Acquisition, including, without limitation, interest and fees payable in respect of the Tender Offer Loans.

(b) The proceeds of all Term Loans and Revolving Loans incurred on the Merger Borrowing Date shall be utilized (i) first to repay all outstanding Tender Offer Loans, together with accrued and unpaid interest thereon, in full and (ii) second, to pay additional costs and expenses of, or arising from, the Acquisition. The proceeds of Revolving Loans borrowed after the Merger Borrowing Date may be utilized for general corporate purposes of the Borrower and its Subsidiaries, including to fund the Liberty Put Obligations.

(c) On and after the Merger Borrowing Date, no more than 25% of the value of the assets of the Borrower, or of the Borrower and its Subsidiaries on a consolidated basis, subject to the restrictive arrangements contained in Sections 7.01 and

7.02 hereof, shall constitute Margin Stock. Neither the making of any Loan hereunder, nor the use of the proceeds thereof, will violate or be inconsistent with the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System and no part of the proceeds of any Loan will be used to purchase or carry any Margin Stock in violation of Regulation U or to extend credit for the purpose of purchasing or carrying any Margin Stock in violation of Regulation U.

5.06 Governmental Approvals. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any foreign or domestic governmental or public body or authority, or any subdivision thereof, is required to authorize or is required in connection with (i) the execution, delivery and performance of any Document or (ii) the legality, validity, binding effect or enforceability of any Document, it being understood that the FCC Long-Form Approval need not be obtained until the Merger Borrowing Date.

5.07 Investment Company Act. Neither the Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

5.08 Public Utility Holding Company Act. Neither the Borrower nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.09 True and Complete Disclosure. All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of the Borrower or its Subsidiaries in writing to the Administrative Agent or any Bank (including, without limitation, all information contained in the Documents) for purposes of or in connection with this Agreement or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on

behalf of the Borrower or its Subsidiaries in writing to any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided. The projections and pro forma financial information contained in such materials are based on good faith estimates and assumptions believed by the Borrower to be reasonable at the time made, it being recognized by the Banks that such

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projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results in any material respect. There is no fact known to the Borrower which has, or is reasonably likely to have, a Material Adverse Effect which has not been disclosed herein or in such other documents, certificates and statements furnished to the Banks for use in connection with the transactions contemplated hereby.

5.10 Offer to Purchase. All necessary material governmental and third party approvals in connection with the purchase of Shares pursuant to the Offer to Purchase and the Merger, the transactions contemplated thereby and otherwise referred to therein have been or, prior to the time when required, will have been, obtained and remain in effect, and all applicable waiting periods have or, prior to the time when required, will have, expired without, in all such cases, any action being taken by any competent authority which restrains, prevents, imposes materially adverse conditions upon or unduly hinders, the consummation of the purchase of Shares pursuant to the Offer to Purchase or the Merger. Additionally, except to the extent consented to by the Required Banks there does not exist any judgment, order, injunction or other restraint issued or filed with respect to the purchase of Shares pursuant to the Offer to Purchase, the consummation of the Merger or the making of Loans, or the performance by the Credit Parties of their obligations under the Documents. At the time of their dissemination to the public, the Offer to Purchase and any amend-

ments or supplements thereto and all documents required to be filed by the Borrower, or (after the Merger Agreement Date) PCI pursuant to the Securities Exchange Act of 1934, as amended, copies of which documents have been or will be delivered to each Bank (other than exhibits to such filings, which have been made available to each Bank upon request therefor), do not and will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which made, not misleading.

5.11 Financial Condition; Financial Statements. (a) On and as of each of the Tender Offer Closing Date and the Merger Borrowing Date on a pro forma basis after giving effect to the Merger and all Indebtedness incurred and to be incurred, by the Borrower and its Subsidiaries in connection therewith, with respect to each of the Borrower and Paramount, each determined on a consolidated basis (x) the sum of its assets, at a fair valuation, will exceed its debts, (y) it will not have incurred nor intended to, or believes that it will not, incur debts beyond its ability to pay such debts as such debts mature

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and (z) it will have sufficient capital with which to conduct its business. For purposes of this Section 5.11(a), "debt" means any liability on a claim, and "claim" means (i) right to payment whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

(b) The consolidated balance sheet of the Borrower and its Subsidiaries at January 31, 1993 and the related consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year ended as of said date, the consolidated balance sheet of PCI and its Subsidiaries at April 30, 1993 and the related consolidated statements of in-

come and cash flows of PCI and its Subsidiaries for the period ended on such date, and the pro forma (after giving effect to the Merger and the related financing thereof) consolidated balance sheet of the Borrower and its Subsidiaries as at July 31, 1993, copies of which have heretofore been furnished to each Bank, present fairly the financial position of the Borrower and its Subsidiaries or PCI and its Subsidiaries, as the case may be, at the dates of said statements and the results for the periods covered thereby (or, in the case of the pro forma balance sheet, present a good faith estimate of the consolidated pro forma financial condition of the Borrower and its Subsidiaries at the date thereof). All such financial statements (other than the aforesaid pro forma balance sheet) have been prepared in accordance with GAAP and practices consistently applied except to the extent provided in the notes to said financial statements.

(c) From January 31, 1993 and April 30, 1993, respectively, to the Initial Borrowing Date, there was no material adverse change in the business, property, assets, liabilities or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole or PCI and its Subsidiaries taken as a whole, as the case may be, except to the extent of fees paid or owing by the Borrower or PCI in connection with the Acquisition or the proposed Viacom Inc. acquisition of PCI.

(d) Since the Initial Borrowing Date, there has been no material adverse change in the business, property, assets, liabilities or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole.

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(e) Except as fully reflected in the financial statements described in Section 5.11(b), there were as of the Initial Borrowing Date (and after giving effect to any Loans made on such date), no liabilities or obligations (excluding current obligations incurred in the ordinary course of business) with respect to the Borrower or any of its Subsidiaries of any nature whatsoever (whether absolute, accrued, contingent

or otherwise and whether or not due), and the Borrower does not know of any assertion against the Borrower or any of its Subsidiaries of any such liability or obligation which, either individually or in aggregate, are or would be reasonably likely to be material to the Borrower and its Subsidiaries taken as a whole.

(f) The "Pro Forma Analysis" prepared by the Borrower and delivered to the Banks prior to the Merger Borrowing Date (the "Projections") shall be based on good faith estimates and assumptions made by the management of the Borrower, and on the Merger Borrowing Date such management shall believe that the Projections are then reasonable and attainable, it being recognized by the Banks, however, that projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by the Projections probably will differ from the projected results and that the differences may be material.

5.12 Tax Returns and Payments. Each of the Borrower and each of its Subsidiaries has filed all federal income tax returns and all other material tax returns, domestic and foreign, required to be filed by it and has paid all material taxes and assessments payable by it which have become due, other than those not yet delinquent and except for those contested in good faith. Each of the Borrower and its Subsidiaries has paid, or has provided adequate reserves (in the good faith judgment of the management of such Person) for the payment of, all federal, state and foreign income taxes applicable for all prior fiscal years and for the current fiscal year to the date hereof.

5.13 Compliance with ERISA. Except to the extent that all events and obligations described in the following clauses of this Section 5.13 and then in existence would not, in the aggregate, be likely to have a Material Adverse Effect, each Plan is in substantial compliance with ERISA and the Code; no Reportable Event has occurred with respect to a Plan; no Plan is insolvent or in reorganization; no Plan has an Unfunded Current Liability; no Plan has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; neither

the Borrower nor any Subsidiary nor any ERISA Affiliate has incurred any liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code or has been notified that it will incur any liability under any of the foregoing Sections with respect to any Plan; no proceedings have been instituted to terminate any Plan; no condition exists which presents a material risk to the Borrower or any Subsidiary or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no lien imposed under the Code or ERISA on the assets of the Borrower or any Subsidiary or any ERISA Affiliate exists nor has the Borrower, any Subsidiary or any ERISA Affiliate been notified that such a lien will be imposed on the assets of the Borrower, any Subsidiary or any ERISA Affiliate on account of any Plan; and the Borrower and its Subsidiaries do not maintain or contribute to any employee welfare benefit plan (as defined in Section 3(1) of ERISA) (other than such an employee welfare benefit plan which is a "multiemployer plan" within the meaning of Section 414(f) of the Code) which provides benefits to retired employees (other than as required by Section 601 of ERISA) or any employee pension benefit plan (as defined in Section 3(2) of ERISA) (other than any such employee pension benefit plan which is intended to be qualified under Section 401(a) of the Code). With respect to Plans that are multiemployer plans (as defined in Section 3(37) of ERISA) the representations and warranties in this Section 5.13, other than any made with respect to liability under Section 4201 or 4204 of ERISA, are made to the best knowledge of the Borrower.

5.14 Subsidiaries. Schedule III hereto (as it shall be amended (without the need of the consent by any Bank) with respect to PCI and its Subsidiaries by the Borrower, within 30 days after the Merger Agreement Date, delivering to the Administrative Agent a revised Schedule III) lists each Subsidiary of the Borrower, and the direct and indirect ownership interest of the Borrower therein, in each case as of the Effective Date (or the Merger Agreement Date in the case of such amendment).

5.15 Patents, etc. The Borrower and each of its Subsidiaries owns or holds a valid license to use all material patents, trademarks, servicemarks, trade names, copyrights, licenses and other rights, that are necessary for, and no restriction applicable to any such patent, trademark, servicemark, trade name, copyright, license or other right would interfere with, the operation of their businesses taken as a whole as presently conducted and as proposed to be conducted,

except such restrictions as are not likely to, in the aggregate, have a Material Adverse Effect.

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5.16 Compliance with Statutes, etc. (a) Each of the Borrower and its Subsidiaries is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliance as is not likely to, in the aggregate, have a Material Adverse Effect.

(b) Each of the Borrower and its Subsidiaries is in compliance with all applicable Environmental Laws governing its business for which failure to comply is likely to have a Material Adverse Effect, and neither the Borrower nor any of its Subsidiaries is liable for any material penalties, fines or forfeitures for failure to comply with any of the foregoing in the manner set forth above. All licenses, permits, registrations or approvals required for the business of the Borrower and each of its Subsidiaries, as conducted as of the Initial Borrowing Date, under any Environmental Law have been secured and the Borrower and each of its Subsidiaries is in substantial compliance therewith, except such licenses, permits, registrations or approvals the failure to secure or to comply therewith is not likely to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries is in any respect in non-compliance with, breach of or default under any applicable writ, order, judgment, injunction, or decree to which the Borrower or such Subsidiary is a party or which would affect the ability of the Borrower or such Subsidiary to operate any real property and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute noncompliance, breach of or default thereunder, except in each such case, such noncompliance, breaches or defaults as are not likely to, in the aggregate, have a Material Adverse Effect. There are as of the Initial Borrowing Date no Environmental Claims pending or, to the best knowledge of the

Borrower, threatened, which (a) question the validity, term or entitlement of the Borrower or any of its Subsidiaries for any permit, license, order or registration required for the operation of any facility which the Borrower or any of its Subsidiaries currently operates and (b) wherein an unfavorable decision, ruling or finding would be reasonably likely to have a material adverse effect on the financial viability of any facility thereof. There are no facts, circumstances, conditions or occurrences on any Real Property or, to the knowledge of the Borrower, on any property adjacent to any such Real Property that could reasonably be expected (i) to form the basis of an Environmental Claim against the Borrower, any of its Subsidiaries or any Real Property of the Borrower or any of its Subsidiaries, or (ii) to cause such Real Property to be subject to

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any restrictions on the ownership, occupancy, use or transferability of such Real Property under any Environmental Law, except in each such case, such Environmental Claims or restrictions that individually or in the aggregate are not reasonably likely to have a Material Adverse Effect.

(c) Hazardous Materials have not at any time been (i) generated, used, treated or stored on, or transported to or from, any Real Property of the Borrower or any of its Subsidiaries or (ii) released on any Real Property, in each case where such occurrence or event is reasonably likely to have a Material Adverse Effect.

5.17 Properties. The Borrower and each of its Subsidiaries has good and marketable title to all properties owned by it, including all property reflected in the financial statements referred to in Section 5.11(b) (except as sold or otherwise disposed of since the dates of the financial statements specified therein in the ordinary course of business) free and clear of all Liens, other than Liens permitted by Section 7.02.

5.18 Labor Relations; Collective Bargaining Agreements. Neither the Borrower nor any of its Subsidiaries is engaged in any unfair labor practice that is reasonably likely to have a Material Adverse Effect. There is (i) no significant

unfair labor practice complaint pending against the Borrower or any of its Subsidiaries or, to the best knowledge of the Borrower, threatened against any of them, before the National Labor Relations Board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is now pending against the Borrower or any of its Subsidiaries or, to the best knowledge of the Borrower, threatened against any of them, (ii) no significant strike, labor dispute, slowdown or stoppage is pending against the Borrower or any of its Subsidiaries or, to the best knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries and (iii) to the best knowledge of the Borrower, no union representation question exists with respect to the employees of the Borrower or any of its Subsidiaries, except (with respect to any matter specified in clause (i), (ii) or (iii) above, either individually or in the aggregate) such as is not reasonably likely to have a Material Adverse Effect.

5.19 Indebtedness. Schedule V, Part A sets forth a true and complete list of (x) all Indebtedness (other than intercompany indebtedness) of the Borrower and each of its Subsidiaries (other than PCI and its Subsidiaries) which is to remain outstanding after the Initial Borrowing Date and (y) all agreements which are to remain outstanding after the Initial

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Borrowing Date pursuant to which the Borrower or any of its Subsidiaries (other than PCI and its Subsidiaries) is entitled to incur Indebtedness (other than intercompany indebtedness) (whether or not any condition to such incurrence could be met) (collectively, together with all Indebtedness and agreements listed in Part B and, to the extent acceptable to the Required Banks, Part C, the "Existing Indebtedness"), in each case showing the aggregate principal amount thereof (and available commitments, if any, thereunder) and the name of the respective borrower and any other entity which directly or indirectly guaranteed such debt. Part B of Schedule V shall list all of the aforesaid information, as of such dates, for PCI and its Subsidiaries, to the knowledge of the Borrower on the Tender Offer Closing Date. Part C of Schedule V shall list all of the

aforesaid information, as of the Merger Agreement Date for PCI and its Subsidiaries not included on Part B, with the Borrower hereby agreeing to deliver to the Administrative Agent such Part C within 30 days after the Merger Agreement Date.

5.20 Restrictions on Subsidiaries. Except for restrictions contained in the Credit Documents, as of the Tender Offer Closing Date there are no contractual or consensual restrictions on the Borrower or any of its Subsidiaries which prohibit or otherwise restrict (i) the transfer of cash or other assets (x) between the Borrower and any of its Subsidiaries or (y) between any Subsidiaries of the Borrower or (ii) the ability of the Borrower or any of its Subsidiaries to grant the security interests contemplated by the Pledge Documents.

5.21 Representations and Warranties in Other Agreements. All representations and warranties made by the Borrower or any of its Subsidiaries set forth in any of the Transaction Documents will be true and correct on the Initial Borrowing Date in all material respects as though such representations and warranties were being made on and as of such date.

5.22 Investor Preferred, etc. As of the Initial Borrowing Date, the Investor Preferred has been duly authorized, issued and delivered in accordance with applicable law. The subordination provisions contained in the Subordinated Finance Co. Note are enforceable by the Banks against the Borrower and the holder of the Subordinated Finance Co. Note, and all Obligations of the Borrower hereunder or under the other Credit Documents are or will be within the definition of "Senior Debt" included in such provisions.

5.23 Merger. On and as of the Merger Borrowing Date, all material consents and approvals of, and filings and registrations with, and all other actions in respect of, all

governmental agencies, authorities or instrumentalities required in order to make or consummate the Merger, or otherwise required in connection with the Merger, will have been ob-

tained, given, filed or taken and are or will be in full force and effect (or effective judicial relief with respect thereto has been obtained). All actions pursuant to or in furtherance of the Merger have been and will be taken in compliance with all applicable laws.

5.24 Security Interests. Once executed and delivered, and until terminated in accordance with the terms thereof, the Pledge Documents create, as security for the obligations purported to be secured thereby, a valid and enforceable perfected security interest in and Lien on all of the Collateral referred to in each of the Pledge Agreements in favor of the Collateral Agent for the benefit of the Banks, superior to and prior to the rights of all third persons and subject to no other Liens. The Borrower and the VTA Trustee (and if the Finance Co. Pledge Agreement has been executed and delivered, Finance Co.) together own all Collateral under the respective Pledge Agreements free and clear of all Liens. No filings or recordings are required in order to perfect the security interests created under either Pledge Agreement.

SECTION 6. Affirmative Covenants. The Borrower covenants and agrees that on the Tender Offer Closing Date and thereafter for so long as this Agreement is in effect and until the Commitments have terminated, and the Loans together with interest, Fees and all other Obligations (other than any indemnities described in Section 11.01 hereof which are not then due and payable) incurred hereunder are paid in full:

6.01 Information Covenants. The Borrower will furnish to each Bank:

(a) Annual Financial Statements. Within 90 days after the close of each fiscal year of the Borrower, the consolidated and (if, and to the extent, requested by any of the Co-Arrangers) consolidating balance sheets of the Borrower and its Subsidiaries, as at the end of such fiscal year and the related statements of income and cash flows for such fiscal year, setting forth comparative figures for the preceding fiscal year, and in the case of such consolidated statements examined by independent certified public accountants of recognized national standing not unacceptable to the Required Banks whose opinion shall not be qualified as to the scope of audit and as to the status of the Borrower or any of its Subsidiaries as a going concern, together, in each case, with a certificate of the accounting firm referred to above stating that in the

course of its regular audit of the business of the Borrower and its Subsidiaries, which audit was conducted in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge of any Default or Event of Default which has occurred and is continuing or, if in the opinion of such accounting firm such a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof.

(b) Quarterly Financial Statements. As soon as available and in any event within 45 days after the close of each of the first three quarterly accounting periods in each fiscal year of the Borrower, the consolidated and (if, and to the extent, requested by any of the Co-Arrangers) consolidating balance sheets of the Borrower and its Subsidiaries, as at the end of such quarterly period and the related statements of income and cash flows for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and setting forth comparative figures for the related periods in the prior fiscal year, in each case, certified by an Authorized Officer of the Borrower, subject to changes resulting from audit and normal year-end audit adjustments.

(c) Officer's Certificates. At the time of the delivery of the financial statements provided for in Section 6.01(a) and (b) a certificate of an Authorized Officer of the Borrower to the effect that no Default or Event of Default exists or, if any Default or Event of Default does exist, specifying the nature and extent thereof, which certificate shall set forth the Consolidated Interest Coverage Ratio and the Leverage Ratio, together with the calculations required to establish such ratios and whether the Borrower and its Subsidiaries were in compliance with the provisions of Sections 7.08, 7.09 and 7.10, in each case as at the end of such fiscal quarter or year, as the case may be.

(d) Notice of Default or Litigation. Promptly, and in any event within three Business Days after an executive officer of the Borrower obtains knowledge thereof, notice of (x) the occurrence of any event which constitutes a Default or Event of Default, which notice shall specify

the nature thereof, the period of existence thereof and what action the Borrower proposes to take with respect thereto and (y) the commencement of or any significant development in any litigation or governmental proceeding pending against the Borrower or any of its Subsidiaries which is reasonably expected to have a Material Adverse

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Effect or a material adverse effect on the ability of any Credit Party to perform its obligations hereunder or under any other Credit Document.

(e) Auditors' Reports. Promptly upon receipt thereof, a copy of each other report or "management letter" submitted to the Borrower or its Subsidiaries by its independent accountants in connection with any annual, interim or special audit made by it of the books of the Borrower or its Subsidiaries.

(f) Environmental Matters. Promptly upon obtaining knowledge thereof, notice of (i) any pending or threatened Environmental Claim against the Borrower or any of its Subsidiaries or any Real Property of the Borrower or any of its Subsidiaries unless such Environmental Claim could not, individually or when aggregated with all other such Environmental Claims, reasonably be expected to have a Material Adverse Effect; (ii) any condition or occurrence on any Real Property of the Borrower or any of its Subsidiaries that (a) results in material noncompliance by the Borrower or such Subsidiary with any applicable Environmental Law, or (b) could reasonably be anticipated to form the basis of an Environmental Claim against the Borrower, such Subsidiary or any Real Property of the Borrower or such Subsidiary, unless in each case such noncompliance or such Environmental Claim could not, individually or when aggregated with all other such noncompliance claims, reasonably be expected to have a Material Adverse Effect; (iii) any condition or occurrence on any Real Property of the Borrower that could reasonably be anticipated to cause such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability of such

Real Property under any Environmental Law unless such restrictions could not, individually or when aggregated with all other such restrictions, reasonably be expected to have a Material Adverse Effect; and (iv) the taking of any removal or remedial action in response to the actual or alleged presence of any Hazardous Material on any Real Property of the Borrower or any of its Subsidiaries, unless the presence of such Hazardous Materials and the removal or remedial action in response thereto could not, individually or when aggregated with all such other occurrences or events, reasonably be expected to have a Material Adverse Effect. All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and the response thereto of the Borrower or of its applicable Subsidiary. In addition, the Borrower will provide the Banks with copies of all material written communications

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with any government or governmental agency relating to Environmental Laws, all communications with any government or governmental agency relating to Environmental Claims, and such detailed reports of any Environmental Claim, in each case as may reasonably be requested in writing from time to time by the Administrative Agent or the Required Banks.

(g) Other Information. Promptly upon transmission thereof, copies of any filings and registrations with, and reports to, the SEC by the Borrower or any of its Subsidiaries, copies of all press releases and copies of all financial statements, notices and reports that the Borrower or any of its Subsidiaries shall send to analysts, or any publicly issued debt of the Borrower or its Subsidiaries (in each case, to the extent not theretofore delivered to the Banks pursuant to this Agreement) and, with reasonable promptness, such other information or documents (financial or otherwise) as the Administrative Agent on its own behalf or on behalf of the Required Banks may reasonably request from time to time.

6.02 Books, Records, Inspections, etc. The Borrower will, and will cause each of its Subsidiaries to, permit, upon notice to the Chief Financial Officer or any other Authorized Officer of the Borrower, officers and designated representatives of the Administrative Agent or the Banks to visit and inspect any of the properties or assets of the Borrower and any of its Subsidiaries in whomsoever's possession, and to examine the books of account of the Borrower and any of its Subsidiaries and discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries (other than in all events confidential information subject to attorney-client privilege) with, and be advised as to the same by, the officers and independent accountants of the Borrower or such Subsidiary, all at such reasonable times and intervals, upon reasonable notice, and to such reasonable extent as the Administrative Agent or any Bank may request.

6.03 Payment of Taxes. The Borrower will, and will cause each of its Subsidiaries to, pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a Lien or charge upon any properties of the Borrower or of any of its Subsidiaries, provided that neither the Borrower nor any of its Subsidiaries shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith

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and by proper proceedings if it has maintained adequate reserves (in the good faith judgment of the management of such Person) with respect thereto in accordance with GAAP.

6.04 Corporate Franchises. The Borrower will, and will cause each of its Material Subsidiaries to, do or cause to be done, all things necessary to preserve and keep in full force and effect its existence, material rights and material authorities to do business, provided that any transaction permitted by Section 7.01 will not constitute a breach of this Section 6.04.

6.05 Compliance with Statutes, etc. The Borrower will, and will cause each Subsidiary to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls) other than those the non-compliance with which would not have a Material Adverse Effect.

6.06 ERISA. As soon as possible and, in any event, within 20 Business Days after the Borrower or any of its Subsidiaries or any ERISA Affiliate knows or has reason to know of the occurrence of any of the following events relating to a Plan, the Borrower will deliver to each of the Banks a certificate of an Authorized Officer of the Borrower setting forth details as to such occurrence and the action, if any, which the Borrower, such Subsidiary or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Borrower, such Subsidiary, the ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto: that a Reportable Event has occurred which could reasonably be expected to result in material liability of the Borrower, any of its Subsidiaries or any ERISA Affiliate, that, with respect to a Plan which is not a "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA), an accumulated funding deficiency has been incurred or an application is intended to be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to such a Plan, that a Plan has been or may be terminated (other than pursuant to Section 4041(b) of ERISA), reorganized, partitioned or declared insolvent under Title IV of ERISA, that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA or the Code, that proceedings may be or have been instituted to terminate a Plan (other than pursuant to Section 4041(b) of

ERISA), that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan, or that the Borrower, any of its Subsidiaries or any ERISA Affiliate will or may incur any material liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or with respect to a Plan under Section 4971 or 4975 of the Code or Section 409 or 502(i) or 502(l) of ERISA. The Borrower will deliver to each of the Banks a complete copy of the Schedule B, "Actuarial Information" to the Internal Revenue Service Annual Report (Form 5500) of each Plan (other than each Plan which is a "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA)) required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to the Banks pursuant to the first sentence hereof, copies of (i) annual reports filed by the Borrower or any of its Subsidiaries or any ERISA Affiliate with respect to any Plan and (ii) any material, nonroutine notice received by the Borrower or any of its Subsidiaries or any ERISA Affiliate from any governmental agency or court with respect to any Plan, shall in either case be delivered to the Banks no later than 20 Business Days after the date such report or notice has been filed with the Internal Revenue Service or received by the Borrower or such Subsidiary or the ERISA Affiliate, as applicable.

6.07 Good Repair. The Borrower will, and will cause each of its Subsidiaries to, use its best efforts to ensure that its properties and equipment used or useful in its business in whomsoever's possession they may be, are kept in good repair, working order and condition, normal wear and tear excepted and, that from time to time there are made in such properties and equipment all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, all to the extent and in the manner customary for companies of similar size and in similar businesses.

6.08 End of Fiscal Years; Fiscal Quarters. The Borrower will, for financial reporting purposes, cause (i) each of its, and of each of its domestic Subsidiaries' fiscal years to end on April 30 (provided that the Borrower's fiscal year scheduled to end on January 31, 1994 may end on such date), (ii) each of its, and each of its domestic Subsidiaries' fiscal quarters to end on July 31, October 31, January 31 and April 30 and (iii) each of its non-U.S. based Subsidiaries to (x) retain the same quarterly and annual financial periods as in effect on the Initial Borrowing Date, (y) utilize fiscal periods required or customary under local law or (z) cause each of its fiscal quarters and fiscal years to end as provided in clauses (i) and (ii) above.

6.09 Insurance. The Company will, and will cause each of its Subsidiaries to, at all times maintain in full force and effect insurance with carriers rated A- or better by A.M. Best (at the time of policy inception and any renewals) in such amounts, covering such risks and liabilities (it being understood that Directors and Officers insurance shall not be required) and with such deductibles or self-insured retentions as are in accordance with normal industry practice, provided that in no event will any such deductible or self-insured retention in respect of liability claims or in respect of casualty damage exceed, in each such case, \$2,000,000 per occurrence. At any time that insurance at the levels described in Schedule VI is not being maintained by the Borrower and its Subsidiaries, the Borrower will notify the Banks in writing thereof and, if thereafter notified by the Administrative Agent to do so, the Borrower will obtain insurance at such levels at least equal to those set forth in Schedule VI to the extent then generally available (but in any event within the deductible or self-insured retention limitations set forth in the preceding sentence) or otherwise as are acceptable to the Administrative Agent. The Borrower will furnish on the Initial Borrowing Date and annually thereafter to the Administrative Agent a summary of the insurance carried in respect of it and its assets.

6.10 Merger; Control; BellSouth Conditions. The Borrower shall (i) cause the Merger to be consummated as promptly as practical and in no event later than the date which is 270 days after the Tender Offer Closing Date, (ii) subject to obtaining the FCC Long-Form Approval and compliance with Rule 14f-1 promulgated under the Securities Exchange Act of 1934, take all actions available to it to cause designees of the Borrower to constitute a majority of the Board of Directors of PCI as promptly as reasonably practical after the Merger Agreement Date, (iii) take all actions as are appropriate and reasonably necessary to satisfy the BellSouth Conditions as promptly as practical, (iv) comply with all of its covenants and agreements contained in the Merger Agreement, (v) exercise all of its rights and powers to cause PCI to comply with all of

PCI's covenants and conditions contained in the Merger Agreement and (vi) not waive or agree to amend any covenant binding upon PCI and its Subsidiaries that is set forth in Section 5.1 of the Merger Agreement (except to the extent the requested action would not result in a breach of any of the covenants contained in this Agreement (assuming same were then binding upon PCI and its Subsidiaries)).

SECTION 7. Negative Covenants. The Borrower hereby covenants and agrees that on the Tender Offer Closing Date and

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thereafter for so long as this Agreement is in effect and until the Commitments have terminated, and the Loans, together with interest, Fees and all other Obligations (other than any indemnities described in Section 11.01 hereof which are not then due and payable) incurred hereunder, are paid in full:

7.01 Consolidation, Merger, Sale or Purchase of Assets, etc. The Borrower will not, and will not permit any of its Subsidiaries to, wind up, liquidate or dissolve its affairs, or enter into any merger or consolidation, sell or otherwise dispose of (x) all or substantially all of the assets of the Borrower or of the Borrower and its Subsidiaries taken as a whole or (y) prior to the Conversion Date all, substantially all or any part of its property or assets (other than inventory, rights to unproduced or unpublished product, contract rights and licenses, obsolete equipment, excess equipment, land and/or buildings no longer needed in the conduct of business or equipment being replaced with other equipment, in each case in the ordinary course of business) or prior to the Conversion Date purchase, lease or otherwise acquire all or any part of the property or assets of any Person (other than purchases, leases or other acquisitions of inventory, equipment, contract rights and licenses, and product prior to the Conversion Date in the ordinary course of business) or agree to do any of the foregoing at any future time, except that the following shall be permitted (with the following clauses (a), (e), (f), (g), (h), (i), (j) and (k) only being relevant prior to the Conversion Date):

(a) the investments, acquisitions and transfers or dispositions of stock and other properties permitted pursuant to Sections 7.04 and 7.05;

(b) the Merger;

(c) (x) after the BellSouth Equity Investment Date, the Borrower Merger (to the extent no Default or Event of Default would otherwise result therefrom) and (y) after the Conversion Date, any merger involving the Borrower and/or any Subsidiary, on the one hand, and any other domestic U.S. corporation, on the other hand, so long as at the time thereof and after giving effect thereto no Default or Event of Default exists or would exist and the Borrower (or, if the Borrower is not involved, such Subsidiary) is the surviving corporation of such merger;

(d) any Subsidiary of the Borrower (other than, prior to the BellSouth Exchange, a Finance Sub) may be merged or consolidated with or into, or be liquidated into, the Borrower or a Subsidiary Guarantor (so long as

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the Borrower or such Subsidiary Guarantor is the surviving corporation) or, in the case of any two such Subsidiaries that are not Subsidiary Guarantors, any Subsidiary or all or any part of its business, properties, stock and assets may be conveyed, leased, sold or transferred to the Borrower or a Subsidiary Guarantor or, in the case of any two such Subsidiaries that are not Subsidiary Guarantors, any Subsidiary;

(e) sales of assets for cash to the extent such sales constitute MFJ Transactions and are required to satisfy the MFJ Condition;

(f) sales of assets for cash in an amount equal to at least the fair market value thereof (as determined by the Board of Directors of the entity owning such assets) to satisfy the HSR Condition in respect of any of the Specified Equity Investors, provided that the Net Cash

Proceeds of all such sales shall not exceed \$10,000,000;

(g) sales of assets owned by PCI and/or its Subsidiaries on the Initial Borrowing Date which are not (x) used in or related to the production and/or distribution of film or television product, (y) used in or related to the publishing and/or information service business or (z) used in or related to sports franchises and arenas for cash in an amount equal to at least the fair market value thereof (as determined by the Board of Directors of the Borrower);

(h) capital expenditures for land, buildings and equipment expended in the ordinary course of business;

(i) additional sales for cash in an amount equal to at least the fair market value thereof (as determined by the Board of Directors of the Borrower) generating not in excess of \$75,000,000 in Net Cash Proceeds in any fiscal year (provided that for the purposes of this clause (i) and Section 7.03(b), the period from the Tender Offer Closing Date through April 30, 1994 shall be deemed a fiscal year);

(j) acquisitions by the Borrower or any Subsidiary Guarantor of assets or stock of other Persons not otherwise permitted by this Section 7.01 for cash, assets, Borrower Common Stock or Borrower Preferred Stock provided that the aggregate purchase price paid in cash (other than cash generated by the sale of Borrower Common Stock to some or all of the Principal Stockholders as contemplated by Section 3.02(A) (e) (vii) (a "Section 3.02(A) (e) (vii)

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Issuance")), assets or Borrower Preferred Stock (and not Borrower Common Stock) (with assets valued at fair market value) expended pursuant to this clause (j) and Section 7.04(i) and/or (l) shall not exceed \$200,000,000 (\$500,000,000 if after the Term Loan Reduction has been achieved);

(k) acquisitions by the Borrower or any Subsidiary Guarantor of assets or stock of any Person not otherwise permitted by this Section 7.01 for cash not in excess of, at the time of any such acquisition, the Unused Basket at such time; and

(l) sales of credit card receivables pursuant to the existing facility with General Electric Credit Corporation (as in effect on the Tender Offer Closing Date and as it may be expanded on terms no more burdensome in any material respect to the Borrower and its Subsidiaries to include credit card receivables of PCI and its Subsidiaries, the "GECC Facility") and/or replacement facilities no more burdensome in any material respect to the Borrower and its Subsidiaries ("Replacement Facilities").

7.02 Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon or with respect to any property or assets of any kind (real or personal, tangible or intangible) of the Borrower or any of its Subsidiaries, whether now owned or hereafter acquired, or sell any such property or assets subject to an understanding or agreement (but not an option), contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable or notes with recourse to the Borrower or any of its Subsidiaries) or assign any right to receive income, or file or permit the filing of any financing statement under the UCC or any other similar notice of Lien under any similar recording or notice statute, except:

(a) Liens for taxes not yet due and payable or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Borrower) have been established;

(b) Liens in respect of property or assets of the Borrower or any of its Subsidiaries imposed by law which were incurred in the ordinary course of business, such as carriers', warehousemen's and mechanics' Liens, statutory landlord's Liens, Liens in favor of customs and revenue

authorities to secure payment of customs duties in connection with the importation of goods, and other similar Liens arising in the ordinary course of business, and (x) which, if any such property or asset is material, do not in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Borrower or such Subsidiary or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or asset subject to such Lien;

(c) Liens of the Borrower and its Subsidiaries (including PCI and its Subsidiaries) existing on the Initial Borrowing Date and listed on Schedule VII hereto (as amended within 30 days after the Merger Agreement Date to include any such Liens as of the Merger Agreement Date of PCI and its Subsidiaries as are satisfactory to the Required Banks) that are to remain outstanding after the Initial Borrowing Date, without giving effect to any subsequent extensions or renewals thereof other than renewals or extensions of the Liens in respect of the GECC Facility ("Permitted Liens");

(d) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business in connection with (x) liability insurance, workers' compensation, unemployment insurance and other types of social security, or (y) to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business;

(e) leases or subleases granted to third Persons not interfering with the ordinary course of business of Borrower or any of its Subsidiaries (other than QVC Finance Sub);

(f) Capital Leases to the extent permitted under Section 7.03 hereof;

(g) Permitted Encumbrances;

(h) Liens (x) arising pursuant to purchase money mortgages securing Indebtedness representing the purchase price (or financing of the purchase price within 180 days

after the respective purchase) of property or other assets acquired by the Borrower or any of its Subsidiaries (other than QVC Finance Sub), provided that (i) any such Liens

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attach only to the assets so purchased, (ii) the Indebtedness secured by any such Lien does not exceed 100%, nor is less than 70%, of the purchase price of the assets being purchased and (iii) the Indebtedness secured thereby is permitted by Section 7.03(b); or (y) existing on specific tangible assets at the time acquired by the Borrower or such Subsidiary or on assets of a Person at the time such Person first becomes a Subsidiary, provided that (i) any such Liens were not created at the time of or in contemplation of the acquisition of such assets or Person, (ii) in the case of any such acquisition of a Person, any such Lien attaches only to specific tangible assets of such Person and not assets of such Person generally, (iii) the Indebtedness secured by any such Lien does not exceed 100% of the fair market value of the asset to which such Lien attaches, determined at the time of the acquisition of such asset or the time at which such Person becomes a Subsidiary, as the case may be and (iv) the Indebtedness secured thereby is permitted by Section 7.03(b);

(i) notice filings of UCC statements with respect to consigned goods and/or equipment leases;

(j) Liens on any Indebtedness permitted by Section 7.03(k), provided that (x) the Indebtedness being refinanced was secured by a Lien and (y) such Lien attached only to the property securing the Indebtedness so refinanced;

(k) Liens in respect of the Replacement Facilities;
and

(l) Liens created pursuant to the Pledge Documents.

7.03 Indebtedness. Prior to the Conversion Date,

the Borrower will not, and will not permit any of its Subsidiaries to, contract, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness incurred pursuant to this Agreement and the other Credit Documents;

(b) Capitalized Lease Obligations of the Borrower or any of its Subsidiaries (other than a Finance Sub) and Indebtedness secured by Liens permitted by Section 7.02(h) in an aggregate amount incurred in any fiscal year not to exceed \$50,000,000;

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(c) Existing Indebtedness (including (i) extensions of the GECC Facility and/or replacements thereof with Replacement Facilities and (ii) extensions and/or replacements of Existing Indebtedness of PCI and its Subsidiaries);

(d) Indebtedness of the Borrower under Interest Rate Protection Agreements entered into in respect of the Term Loans;

(e) Indebtedness under Currency Agreements entered into in the ordinary course of business for hedging and not speculative purposes;

(f) Indebtedness of the Borrower evidenced by the Subordinated Finance Co. Note in principal amount not to exceed \$1,500,000,000;

(g) Indebtedness of (x) the Borrower owing to any Subsidiary Guarantor and of any Subsidiary Guarantor owing to the Borrower or another Subsidiary Guarantor and (y) Indebtedness among the Borrower and Subsidiaries which are not Subsidiary Guarantors, to the extent permitted under Sections 7.04(i), (j), (k), (l) or (m);

(h) Indebtedness resulting from unsecured reimbursement obligations of the Borrower and its Subsidiaries (other than a Finance Sub) under commercial and performance letters of credit with an aggregate stated amount not exceeding \$100,000,000 at any time;

(i) Indebtedness of the Borrower under the Liberty Put Obligation;

(j) Permitted Subordinated Debt (x) issued as provided for in Section 7.05 or (y) issued to finance the Borrower's monetary obligations under the Liberty Put Obligation;

(k) Indebtedness incurred to refinance Indebtedness of PCI and/or its Subsidiaries outstanding on the Merger Agreement Date and that would come due as a result of the Acquisition (or any component thereof) or which is excluded from Existing Indebtedness because not acceptable to the Required Banks (x) in an amount not in excess of \$50,000,000 or (y) if not permitted by clause (x), containing provisions that are no more burdensome to the Borrower and/or its Subsidiaries in any material respect than the Indebtedness being refinanced;

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(l) long term Indebtedness for borrowed money of the Borrower not otherwise permitted by this Section 7.03 on terms and conditions and in amounts satisfactory to the Required Banks; and

(m) Indebtedness of the Borrower constituting guaranties of (x) Indebtedness or lease obligations of any Subsidiary to the extent such Subsidiary is otherwise permitted to incur such Indebtedness pursuant to this Section 7.03 or not otherwise prohibited from incurring such lease obligations by this Agreement, and in the case of entities not Subsidiary Guarantors, only to the extent such guaranties are permitted by Section 7.04(i), (l) or (m) and (y) Indebtedness or lease obligations of Persons not consti-

tuting Subsidiaries to the extent such guaranties are permitted by Section 7.04(l) or (m).

7.04 Advances, Investments and Loans. Prior to the Conversion Date, the Borrower will not, and will not permit any of its Subsidiaries to, lend money or credit or make advances (which term shall not include advance payments made in the ordinary course of business for goods, services and products) to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to any Person, except:

(a) the Borrower and its Subsidiaries may invest in cash and Cash Equivalents;

(b) the Borrower or any of its Subsidiaries (other than a Finance Sub) may acquire and hold receivables owing to it, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with the customary trade terms of the Borrower or its applicable Subsidiary, as the case may be;

(c) loans and advances may be made (A) to employees (other than athletes and coaches) in the ordinary course of business (x) for relocation costs and expenses resulting from the Merger or (y) otherwise in an aggregate principal amount not to exceed \$2,000,000 at any time outstanding and/or (B) to athletes and coaches in the normal course of business within the context of the industry;

(d) Interest Rate Protection Agreements and Currency Agreements entered into in compliance with Section 7.03(d) or (e) shall be permitted;

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(e) advances, investments and loans (and agreements relating to the foregoing) of the Borrower and its Subsidiaries (including PCI and its Subsidiaries) existing on

the Effective Date and listed on Schedule VIII hereto (as amended within 30 days after the Merger Agreement Date to include such advances, investments and loans of PCI and its Subsidiaries as of the Merger Agreement Date) without giving effect to any additions thereto or replacements thereof shall be permitted;

(f) Indebtedness evidenced by the Subordinated Finance Co. Note, and distributions permitted by Section 7.05, shall be permitted;

(g) the Borrower and its Subsidiaries (other than a Finance Sub) may acquire and own investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers in the ordinary course of business;

(h) the Borrower and/or any Subsidiary Guarantor may make (x) advances or loans to the Borrower and/or (y) advances, loans or contributions to, or guarantee Indebtedness or lease obligations of, any Subsidiary Guarantor;

(i) the Borrower or any Subsidiary Guarantor may make advances, loans and contributions to, or, in the case of the Borrower, guarantee Indebtedness or lease obligations of, Subsidiaries (other than a Finance Sub) which are not Subsidiary Guarantors so long as the net advances, loans, contributions and guaranties (valued in the amounts so guaranteed) made pursuant to this clause (i) (other than with cash generated by Section 3.02(A)(e)(vii) Issuances), together with all amounts expended pursuant to Section 7.01(j) and/or clause (l) below, shall not exceed \$200,000,000 (\$500,000,000 if after the Term Loan Reduction has been achieved);

(j) any Subsidiary (other than a Finance Sub) not a Subsidiary Guarantor may make advances, loans or contributions to any other Subsidiary (other than a Finance Sub) which is not a Subsidiary Guarantor;

(k) the Borrower may make loans or advances to, or on behalf of, QVC Finance Sub in respect of Finance Co. as expressly contemplated by the BellSouth Documents;

(l) the Borrower and its Subsidiary Guarantors may make additional loans, advances and investments (including investments in the form of cash, assets, Borrower Preferred Stock or Borrower Common Stock in joint ventures) in, or, in the case of the Borrower, make additional guaranties of Indebtedness or lease obligations of, any Person other than QVC Finance Sub, Finance Co. or BellSouth Finance of a nature not contemplated by the foregoing clauses (a) through (k), provided that all loans, advances and investments (other than those made with Borrower Common Stock or cash generated by Section 3.02(A)(e)(vii) Issuances) and guaranties (valued in the amount so guaranteed) made pursuant to this clause (l), together with all amounts expended pursuant to Section 7.01(j) and clause (i) above, shall not exceed \$200,000,000 (\$500,000,000 if after the Term Loan Reduction has been achieved);

(m) the Borrower and its Subsidiary Guarantors may make advances, loans, contributions, investments and/or guaranties in excess of that permitted by the foregoing clauses (i) and (l) in an amount not in excess of, at the time of any such loan, advance, contribution, investment or guaranty, the Unused Basket at such time;

(n) the Borrower and its Subsidiaries (other than a Finance Sub) may make advances and loans on inventory to manufacturers in the ordinary course of business; and

(o) the Borrower or a Subsidiary Guarantor may acquire all of the capital stock of BellSouth Finance upon and pursuant to the BellSouth Exchange.

7.05 Dividends, etc. The Borrower will not, and will not permit any Subsidiary to, declare or pay any dividends (other than dividends payable solely in capital stock of the Borrower) or return any capital to, its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any shares of any class of its capital stock now or hereafter outstanding (or any warrants for (including the Merger Warrants) or options or stock appreciation rights in respect of any of such shares), or set aside any funds for any of the foregoing purposes and the Borrower will

not permit any of its Subsidiaries to purchase or otherwise acquire for consideration any shares of any class of the capital stock of the Borrower now or hereafter outstanding (or any warrants for or options or stock appreciation rights issued by such Person in respect of any such shares) (all of the foregoing "Dividends"), except that:

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(a) any Subsidiary of the Borrower may pay dividends to the Borrower or to another Subsidiary, except that a Subsidiary Guarantor may pay dividends only to the Borrower or another Subsidiary Guarantor;

(b) dividends may be paid in cash on the Merger Preferred and Investor Preferred on and after the Merger Borrowing Date when and as specified therein for the payment of dividends thereon if, and only if (x) no Default or Event of Default exists (or would result therefrom, including to the extent the payment thereof would result in a default under Section 7.08 for the period during which paid) and (y) in the case of the Investor Preferred only, the ratio as of the end of the last fiscal quarter prior to such payment of Consolidated Indebtedness to EBITDA for the four fiscal quarters then ended shall be less than 4.5:1, provided however that cash dividends may be paid on the Investor Preferred at a time when the requirements of this clause (b) (y) are not satisfied to the extent such payment does not exceed the Unused Basket at such time;

(c) the Series F Non-Voting Preferred may be exchanged (in accordance with the terms thereof) for shares of Investor Voting Preferred and the Series G Non-Voting Preferred may be exchanged (in accordance with the terms thereof) for shares of Borrower Common Stock;

(d) the Investor Preferred may be converted into Borrower Common Stock in accordance with its terms;

(e) shares of Merger Preferred (and/or Permitted Subordinated Debt previously issued in exchange therefor)

may be surrendered to the Borrower in satisfaction of all or a portion of the exercise price of Merger Warrants;

(f) the shares of Borrower Common Stock and preferred stock of the Borrower owned by Liberty on the Initial Borrowing Date may be purchased by the Borrower (or the Borrower may make the alternate payments to Liberty) as contemplated by, and in accordance with, the Liberty Put Obligation;

(g) after the BellSouth Equity Investment Date, the Merger Preferred and/or the Investor Preferred, if no Default or Event of Default exists (or would result therefrom), may be exchanged for, or redeemed with the proceeds of the issuance of, Permitted Subordinated Debt if (x) after giving effect thereto the ratio of, as of the end of

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each of the last two fiscal quarters prior to such conversion, (i) the sum of (A) Consolidated Indebtedness plus (B) the principal amount of Permitted Subordinated Debt so issued to (ii) EBITDA for the four fiscal quarters then ended shall be less than 4.5:1 or (y) at a time when the requirements of clause (x) are not satisfied, upon written notice by the Borrower to the Administrative Agent certifying that as a result of the issuance of such Permitted Subordinated Debt the Borrower shall prepay the Loans as provided in Section 3.02(A)(g) in an aggregate amount equal to the Alternate Reduction Amount for such issuance;

(h) repurchases of equity may be made from existing holders with proceeds of any equity issuance referred to in Section 3.02(A)(e)(viii); and

(i) repurchases may be made of Borrower Preferred Stock or Borrower Common Stock issuances referred to in Section 3.02(A)(e)(x) upon deficient performance of the cable operator which received same for the same nominal price paid for same by such operator.

7.06 Transactions with Affiliates. Except for transactions expressly contemplated by the Investment Agreement, the Borrower will not, and will not permit any of its Subsidiaries to, enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any Affiliate other than on terms and conditions substantially as favorable (or more favorable) to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate.

7.07 Changes in Business. Except as otherwise permitted by Section 7.01 and 7.04, the Borrower will not materially alter the character of the business of the Borrower and its Subsidiaries from that conducted by the Borrower and its Subsidiaries, together with PCI and its Subsidiaries, on the Initial Borrowing Date.

7.08 EBITDA to Total Cash Interest Expense. The Borrower will not permit the ratio of (i) EBITDA to (ii) Total Cash Interest Expense (x) for the first two full consecutive fiscal quarters (taken as one accounting period) commencing after the Merger Borrowing Date to be less than 2.0:1, (y) the period of the first three full consecutive fiscal quarters (taken as one accounting period) commencing after the Merger Borrowing Date to be less than 2.0:1 and (z) for any period of four full consecutive fiscal quarters (taken as one accounting period) ending thereafter to be less than 2.0:1.

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7.09 Consolidated Indebtedness to EBITDA. The Borrower will not permit (A) the ratio of (i) Consolidated Indebtedness on the last day of each of the first full three fiscal quarters commencing after the Merger Borrowing Date, respectively to (ii) the Annualized EBITDA ending on such respective dates to be greater than 5.5:1; (B) the ratio of (i) Consolidated Indebtedness on the last day of any fiscal quarter ending thereafter and prior to July 31, 1996 to (ii) EBITDA for the period of four consecutive fiscal quarters (taken as one accounting period) ending at the end of such fiscal quarter to be

greater than 5.5:1 and (C) the ratio of (i) Consolidated Indebtedness on the last day of any fiscal quarter ending on and after July 31, 1996, to (ii) EBITDA for the period of four consecutive fiscal quarters (taken as one accounting period) ending at the end of such fiscal quarter to be greater than 4.5:1.

7.10 Consolidated Indebtedness to Capitalization. The Borrower will not permit the ratio of (i) Consolidated Indebtedness to (ii) Capitalization to exceed 40:100 at any time.

7.11 Limitation on Voluntary Payments; etc. The Borrower will not, and will not permit any of its Subsidiaries to: (i) make (or give any notice in respect of) any voluntary or optional payment or prepayment of principal on or voluntary or optional redemption of or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of paying when due), the Indebtedness described in Section 7.03(f), (i), (j) or (k), provided that the Subordinated Finance Co. Note may be (x) repaid and/or redeemed with the proceeds from the issuance to BellSouth of Investor Preferred and Borrower Common Stock, or the issuance of other equity following the BellSouth Notice as contemplated by Section 3.02(A)(e)(v), or (y) as provided in Section 7.14, may be cancelled after the BellSouth Exchange, (ii) amend or modify, or permit the amendment or modification of, any provision of any such Indebtedness or, to the extent in a manner adverse to the Banks, any provision of its Certificate of Incorporation or By Laws or of the Merger Documents, the Investor Documents and/or BellSouth Documents, (iii) issue any preferred or preference stock other than Investor Preferred, Merger Preferred, Series H Preferred Stock (as defined in the Investment Agreement) and other Borrower Preferred Stock that is permitted and/or contemplated by Sections 3.02(A)(e), 7.01 and/or 7.04, or (iv) pay any cash interest on the Subordinated Finance Co. Note (other than (x) an amount of cash equal to the amount of cash dividends that would then be paid on the Borrower Common Stock and Borrower Preferred Stock that BellSouth would own if the

BellSouth Equity Investment Date had occurred and/or (y) interest payments made with proceeds of issuances of equity referred to in Section 3.02(A)(e)(v)).

7.12 Issuance of Subsidiary Stock. The Borrower will not permit any of its Subsidiaries directly or indirectly to issue, sell, assign, pledge or otherwise encumber or dispose of any shares of its capital stock or other securities (or warrants, rights or options to acquire shares or other equity securities) of such Subsidiary, except to the extent permitted by Sections 7.01(d), 7.04 and/or 7.05(a), to the Borrower or another Subsidiary.

7.13 Limitation on Restrictions Affecting Subsidiaries. The Borrower will not, and will not permit any Subsidiary to, directly, or indirectly, create or otherwise cause any encumbrance or restriction which prohibits or limits the ability of any Material Subsidiary of the Borrower (other than a Finance Sub as provided for in the BellSouth Documents) to (a) pay dividends or make other distributions or pay any Indebtedness owed to the Borrower or any Subsidiary of the Borrower, (b) make loans or advances to the Borrower or any Subsidiary of the Borrower, (c) transfer any of its properties or assets to the Borrower or any Subsidiary of the Borrower or (d) create, incur, assume or suffer to exist any lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than encumbrances and restrictions arising under (i) applicable law, (ii) this Agreement and the other Credit Documents, (iii) Indebtedness permitted pursuant to Sections 7.03(b) or (c), (iv) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or any of its Subsidiaries, (v) customary restrictions on dispositions of real property interests found in reciprocal easement agreements of the Borrower or any of its Subsidiaries and (vi) in the case of a Finance Sub, the BellSouth Documents.

7.14 Finance Subs; Finance Co. The Borrower (i) will not permit a Finance Sub to incur any Indebtedness, create or grant any Lien, make any investment, advance or loan or engage in any business or activity other than holding the general partnership interest it owns on the Initial Borrowing Date in Finance Co., (ii) will cause each Finance Sub to comply in all respects with its certificate of incorporation and its agreements and covenants under the other BellSouth Documents, (iii) will not direct (including by directing the Borrower's designees on a Finance Sub's Board of Directors to vote to direct) such Finance Sub to initiate, or to agree to initiate, voluntary (and/or, with respect to Finance Co., involuntary) proceedings with respect to such Finance Sub or Finance Co. under

the Bankruptcy Code or any similar bankruptcy or insolvency law, (iv) will cause QVC Finance Sub as the Managing General Partner of Finance Co. to cause Finance Co. to comply in all respects with its partnership agreement (including the limitations therein and notwithstanding that any action may otherwise be permitted under this Agreement) and its agreements and covenants under the other BellSouth Documents and (v) upon any exchange by BellSouth of all the capital stock of BellSouth Finance for Investor Preferred and Borrower Common Stock, will cause the Subordinated Finance Co. Note to be cancelled, provided that instead of such cancellation upon such exchange, Finance Co. may retain such Subordinated Finance Co. Note provided that it shall provide a guaranty of the Obligations by executing, and delivering to the Administrative Agent, a counterpart of the Subsidiary Guaranty and it shall have executed, and delivered to the Administrative Agent, the Finance Co. Pledge Agreement and shall have delivered the Subordinated Finance Co. Note, endorsed in blank, to the Collateral Agent.

SECTION 8. Events of Default. Upon the occurrence of any of the following specified events (each an "Event of Default"):

8.01 Payments. The Borrower shall (i) default in the payment when due of any principal of the Loans or (ii) default, and such default shall continue for two or more days, in the payment when due (after notification of the amount due) of any interest on the Loans or any Fees or any other amounts owing hereunder or under any other Credit Document; or

8.02 Representations, etc. Any representation, warranty or statement made by any Credit Party herein or in any other Credit Document or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

8.03 Covenants. The Borrower or any of its Subsidiaries shall (a) default in the due performance or observance by it of any term, covenant or agreement contained in Section

6.09, 6.10 or 7, or (b) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in Section 8.01, 8.02 or clause (a) of this Section 8.03) contained in this Agreement and such default shall continue unremedied for a period of at least 30 days after notice to the Borrower by the Administrative Agent or the Required Banks; or

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8.04 Default Under Other Agreements. (a) The Borrower or any of its Subsidiaries shall (i) default in any payment in respect of any Indebtedness (other than the Obligations) in excess of \$10,000,000 individually or \$50,000,000 in the aggregate of the Borrower and its Subsidiaries or (ii) default in the observance or performance of any agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, any such Indebtedness to become due prior to its stated maturity; or (b) any such Indebtedness of the Borrower or any such Subsidiary shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

8.05 Bankruptcy, etc. The Borrower or any of its Material Subsidiaries shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy", as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against the Borrower or any of its Material Subsidiaries and the petition is not controverted within 10 Business Days, or is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Borrower or any of its Material Subsidiar-

ies; or the Borrower or any of its Material Subsidiaries commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower or such Material Subsidiary; or there is commenced against the Borrower or any of its Material Subsidiaries any such proceeding which remains undismissed for a period of 60 days; or the Borrower or any of its Material Subsidiaries is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Borrower or any of its Material Subsidiaries suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or the Borrower or any of its Material Subsidiaries makes a general assignment for the benefit of creditors; or any corporate action is taken by the Borrower or any of its Material Subsidiaries for the purpose of effecting any of the foregoing; or

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8.06 ERISA. (a) Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code, any Plan is, shall have been or is likely to be terminated or the subject of termination proceedings under ERISA, any Plan shall have an Unfunded Current Liability, the Borrower or any of its Subsidiaries or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code, or the Borrower or any of its Subsidiaries has incurred or is likely to incur liabilities pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) which provide benefits to retired employees (other than as required by applicable law or under the terms of an applicable collective bargaining agreement) or employee pension benefit plans (as defined in Section 3(2) of ERISA) other than any such

employee pension benefit plan intended to be qualified (within the meaning of Section 401(a) of the Code); (b) there shall result from any event or events described in clause (a) of this Section 8.06, the imposition of a lien, the granting of a security interest, or a liability or a material risk of incurring a liability; (c) which lien, security interest or liability referred to in clause (b) of this Section 8.06, in the reasonable opinion of the Required Banks, will have a Material Adverse Effect; or

8.07 Guaranties. The Subsidiary Guaranty or any provision thereof shall cease to be in full force and effect, or any Subsidiary Guarantor thereunder or any Person acting by or on behalf of such Subsidiary Guarantor shall deny or disaffirm such Subsidiary Guarantor's obligations under the Subsidiary Guaranty or any Subsidiary Guarantor shall default in the due performance or observance of any material term, covenant or agreement on its part to be performed or observed pursuant to the Subsidiary Guaranty; or

8.08 Judgments. One or more judgments or decrees shall be entered against the Borrower and/or any of its Subsidiaries involving a liability (not paid or fully covered by insurance) of \$10,000,000 or more in the case of any one such judgment or decree and \$50,000,000 or more in the aggregate for all such judgments and decrees for the Borrower and all its Subsidiaries and all such judgments or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 30 days from the entry thereof; or

8.09 Pledge Documents. Except to the extent the Pledge Agreements have been terminated pursuant to the terms

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thereof, the Pledge Documents shall cease to be in full force and effect or shall fail to give the Collateral Agent the Liens, rights, powers and privileges purported to be created thereunder (as provided therein or herein) or the Borrower, VTA Trustee and/or Finance Co., as applicable, shall default in the due performance or observance of any material term, covenant or agreement therein; or

8.10 Ownership. At any time on or after the Merger Borrowing Date and prior to the consummation of the Borrower Merger, the Borrower shall cease to own 100% of the capital stock of Paramount; or

8.11 Finance Co. There shall have occurred and be continuing any Finance Co. Control Event; or

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent shall, upon the written request of the Required Banks, by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Administrative Agent or any Bank to enforce its claims against the Borrower, except as otherwise specifically provided for in this Agreement (provided that, if an Event of Default specified in Section 8.05 shall occur with respect to the Borrower, the result which would occur upon the giving of written notice by the Administrative Agent as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the Total Commitment terminated, whereupon the Commitment of each Bank shall forthwith terminate immediately and any Commitment Commission shall forthwith become due and payable without any other notice of any kind; and/or (ii) declare the principal of and any accrued interest in respect of all Loans and all obligations owing hereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

SECTION 9. Definitions. As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires. Defined terms in this Agreement shall include in the singular number the plural and in the plural the singular:

"Acquisition" shall mean (x) the purchase by the Borrower for cash of outstanding Shares (at a price per share not to exceed the Maximum Price Per Share) pursuant to the Offer to Purchase and (y) the Merger.

"Additional Subsidiary Guarantor" shall mean (i) Paramount and (ii) each Material Subsidiary of Paramount that is specified to the Borrower by the Administrative Agent (after consultation with each Co-Arranger) prior to the Merger Borrowing Date as an entity that is required to become a Subsidiary Guarantor.

"Additional Tender Offer Documents" shall mean all amendments and exhibits to, and documents related to, the Tender Offer Documents filed with the SEC under the Securities Exchange Act of 1934, as amended, or distributed to the stockholders of PCI, in each case to the extent delivered to the Banks after December 30, 1993 and shall include any Merger Documents first delivered to the Banks after such date.

"Adjusted Certificate of Deposit Rate" shall mean, on any day, the sum (rounded to the nearest 1/100 of 1%) of (1) the rate obtained by dividing (x) the most recent weekly average dealer offering rate for negotiable certificates of deposit with a three-month maturity in the secondary market as published in the most recent Federal Reserve System publication entitled "Select Interest Rates," published weekly on Form H.15 as of the date hereof, or if such publication or a substitute containing the foregoing rate information shall not be published by the Federal Reserve System for any week, the weekly average offering rate determined by the Administrative Agent on the basis of quotations for such certificates received by it from three certificate of deposit dealers in New York of recognized standing or, if such quotations are unavailable, then on the basis of other sources reasonably selected by the Administrative Agent, by (y) a percentage equal to 100% minus the stated maximum rate of all reserve requirements as specified in Regulation D applicable on such day to a three-month certificate of deposit of a member bank of the Federal Reserve System in excess of \$100,000 (including, without limitation, any marginal, emergency, supplemental, special or other reserves), plus (2) the then daily net annual assessment rate as estimated by the Administrative Agent for determining the current annual assessment payable by the Administrative Agent to the Federal Deposit Insurance Corporation for insuring three month certificates of deposit.

"Adjusted Total Cash Interest Expense" shall mean, for any period, the Total Cash Interest Expense for such period less all cash dividends paid on the Investor Preferred and Merger Preferred included in determining such Total Cash Interest Expense.

"Administrative Agent" shall have the meaning provided in the first paragraph of this Agreement and shall include any successor to the Administrative Agent appointed pursuant to Section 10.09.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling (including, but not limited to, all directors and officers of such Person), controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such corporation or (ii) to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise. In any event, the Specified Equity Investors and BellSouth shall be deemed Affiliates of the Borrower for the purposes of Section 7.06 and Liberty shall not.

"Agreement" shall mean this Credit Agreement, as the same may be from time to time modified, amended and/or supplemented.

"Alternate Reduction Amount" shall mean, for any issuance of Permitted Subordinated Debt made pursuant to Section 7.05(f)(y), an amount equal to (x) the aggregate interest payable on such Permitted Subordinated Debt during the period ending on the Final Maturity Date times (y) 35%.

"Annualized EBITDA" shall mean for (i) the first full fiscal quarter commencing after the Merger Borrowing Date, (ii) the first two full fiscal quarters (taken as one accounting period) commencing after the Merger Borrowing Date and (iii) the first three full fiscal quarters (taken as one accounting period) commencing after the Merger Borrowing Date, EBITDA for

such period plus Pro Forma EBITDA for (x) in the case of the one quarter period, the period of three fiscal quarter quarters (taken as one accounting period) ending as of the last day (the "Measurement Date") of the fiscal quarter during which the Merger Borrowing Date occurs, (y) in the case of such two quarter period, the period of two fiscal quarters (taken as one accounting period) ending on the Measurement Date and (z) in the case of such three quarter period, the fiscal quarter ending on the Measurement Date.

"Applicable Base Rate Margin" shall mean (A) with respect to Tender Offer Loans, 1% and (B) with respect to Term Loans and Revolving Loans, zero, provided that the Applicable Base Rate Margin for Term Loans and Revolving Loans shall equal

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(i) .50% at any time during an Excess Leverage Period and (ii) .75% at any time during an Increased Leverage Period.

"Applicable CC Percentage" shall mean (A) with respect to the Total Tender Offer Commitment, .375% and (B) with respect to the Total Revolving Commitment, (i) on any day during a Category A Period, .20%, (ii) on any day during a Category B Period, .25% and (iii) on any day during a Category C Period, Decreased Interest Coverage Period, Excess Leverage Period or an Increased Leverage Period, .375%.

"Applicable Eurodollar Margin" shall mean (A) with respect to Tender Offer Loans, 2% and (B) with respect to Term Loans and Revolving Loans, (i) on any day during a Category A Period, .50%, (ii) on any day during a Category B Period, .625% and (iii) on any day during a Category C Period, .875%, provided that the Applicable Eurodollar Margin for Term Loans and Revolving Loans shall equal (iv) 1% at any time during a Decreased Interest Coverage Period, (v) 1.50% at any time during an Excess Leverage Period and (vi) 1.75% at any time during an Increased Leverage Period.

"Arrow" shall mean Arrow Investments, L.P. and/or any other entity, directly or indirectly, wholly-owned or substantially wholly-owned by Barry Diller.

"Asset Sale" shall mean and include the sale, transfer or other disposition by the Borrower or any of its Subsidiaries to any Person (other than the Borrower or any Wholly-Owned Subsidiary of the Borrower) of any asset of the Borrower or any of its Subsidiaries (other than (x) sales, transfers or other dispositions in the ordinary course of business of inventory, unproduced or unpublished product and/or obsolete or excess equipment, (y) investments and contributions permitted by Section 7.04 and (z) other sales generating net proceeds in the aggregate for all such sales not in excess of \$10,000,000 in any fiscal year).

"Assignment Agreement" shall have the meaning provided in Section 11.04(b).

"Authorized Officer" shall mean any senior officer of any Person designated as such in writing to the Administrative Agent by the Chief Financial Officer of such Person.

"Bank" shall have the meaning provided in the first paragraph of this Agreement, and shall include any Bank which becomes a party to this Agreement in accordance with Section 11.04(b).

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"Bankruptcy Code" shall have the meaning provided in Section 8.05.

"Base Rate" shall mean the highest of (i) the Prime Lending Rate, (ii) the Adjusted Certificate of Deposit Rate plus 1/2 of 1% and (iii) the Federal Funds Rate plus 1/2 of 1%.

"Base Rate Loan" shall mean each Loan bearing interest at the rates provided in Section 1.07(a).

"BellSouth" shall mean BellSouth Corporation.

"BellSouth Conditions" shall mean the conditions, as specified in the Investment Agreement, that remain to be satis-

fied before BellSouth is obligated to purchase up to \$500,000,000 of Investor Voting Preferred and at least \$1,000,000,000 of Borrower Common Stock.

"BellSouth Documents" shall mean all agreements and instruments governing, or evidencing the formation of, Finance Co., QVC Finance Sub and BellSouth Finance and the capital contributions made to Finance Co. and governing or evidencing issuance of, and the terms and conditions of, the Subordinated Finance Co. Note (and including in any event the Investment Agreement, the Finance Co. Loan Agreement and the Liberty QVC Agreement), in the form delivered to the Banks pursuant to Section 4.01(j) and as the same may be subsequently amended, modified or supplemented in accordance with the provisions thereof and hereof.

"BellSouth Equity Investment Date" shall mean the date on which BellSouth acquires the Investor Voting Preferred and Borrower Common Stock as provided for in Section 2.01(a) of the Investment Agreement either for cash or pursuant to the BellSouth Exchange.

"BellSouth Exchange" shall mean the exchange of all the capital stock of BellSouth Finance owned by BellSouth and/or its Affiliates for Investor Voting Preferred and Borrower Common Stock as contemplated by Section 2.01 of the Investment Agreement.

"BellSouth Finance" shall mean BellSouth Finance Subsidiary, Inc., a Delaware corporation.

"BellSouth Notice" shall mean the notice given by BellSouth to the Borrower pursuant to, and in compliance with, Section 5.02(c) of the Equity Contribution Agreement requiring the Borrower to sell equity in order to repay the Subordinated Finance Co. Note.

"Borrower" shall have the meaning provided in the first paragraph of this Agreement.

"Borrower Common Stock" shall mean the common stock, par value \$1.00, of the Borrower.

"Borrower Merger" shall mean the merger of the Borrower and Paramount pursuant to documentation, and on terms and conditions, reasonably satisfactory to the Administrative Agent and each Co-Arranger.

"Borrower Preferred Stock" shall mean the Investor Preferred, the Merger Preferred, all other issues of preferred stock of the Borrower outstanding on December 30, 1993 and such other issues, if any, of preferred stock of the Borrower satisfactory to the Required Banks.

"Borrowing" shall mean the incurrence pursuant to a single Facility of one Type of Loan by the Borrower from all of the Banks having Commitments with respect to such Facility on a given date (or resulting from conversions on a given date), having in the case of Eurodollar Loans the same Interest Period, provided that Base Rate Loans incurred pursuant to Section 1.09(b) shall be considered part of any related Borrowing of Eurodollar Loans.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day excluding Saturday, Sunday and any day which shall be in the City of New York a legal holiday or a day on which banking institutions are authorized by law or other governmental actions to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) and which is also a day for trading by and between banks in U.S. dollar deposits in the New York interbank Eurodollar market.

"Capitalization" shall mean, at any time, the sum of Consolidated Indebtedness plus the Net Worth of the Borrower.

"Capitalized Lease Obligations" shall mean all obligations under Capital Leases of the Borrower and its Subsidiaries in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

"Capital Lease," as applied to any Person, shall mean any lease of any property (whether real, personal or mixed) by

that Person or any of its Subsidiaries as lessee which, in conformity with GAAP, is accounted for as a capital lease on the consolidated balance sheet of that Person.

"Cash Equivalents" shall mean (i) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than six months from the date of acquisition, (ii) U.S. dollar denominated time deposits, certificates of deposit and bankers acceptances of (x) any Bank that is a domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000 or (y) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank, an "Approved Bank"), in each case with maturities of not more than six months from the date of acquisition, (iii) commercial paper issued by any Bank or Approved Bank or by the parent company of any Bank or Approved Bank and commercial paper issued by, or guaranteed by, any industrial or financial company with a short-term commercial paper rating of at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (any such company, an "Approved Company"), or guaranteed by any industrial company with a long term unsecured debt rating of at least A or A2, or the equivalent of each thereof, from S&P or Moody's, as the case may be, and in each case maturing within six months after the date of acquisition, (iv) tax-exempt commercial paper of United States municipal, state or local governments rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's and maturing within six months after the date of acquisition and (v) any fund or funds investing solely in investments of the type described in clauses (i) through (iv) above.

"Cash Proceeds" shall mean, with respect to any Asset Sale, the aggregate cash payments (including any cash received by way of deferred payment pursuant to a note receivable issued in connection with such Asset Sale, other than the portion of such deferred payment constituting interest, but only as and when so received) received by the Borrower or any of its Subsidiaries from such Asset Sale.

"Category A Period" shall mean any period during which at all times (i) the Credit Rating assigned by S&P is BBB or above and/or (ii) the Credit Rating assigned by Moody's is Baa2 or above and/or (iii) the Last Determined Consolidated Interest Coverage Ratio is greater than 4.0:1, provided that a

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Category A Period shall not exist at any time at which a Decreased Interest Coverage Period, an Excess Leverage Period or an Increased Leverage Period exists.

"Category B Period" shall mean any period during which at all times (i) the Credit Rating assigned by S&P is BBB- and/or (ii) the Credit Rating assigned by Moody's is Baa3 and/or (iii) the Last Determined Consolidated Interest Coverage Ratio is greater than 2.5:1 but equal to or less than 4.0:1, provided that a Category B Period shall not exist at any time at which a Decreased Interest Coverage Period, a Category A Period, an Excess Leverage Period or an Increased Leverage Period exists.

"Category C Period" shall mean any period when there exists no Category A Period, Category B Period, Decreased Interest Coverage Period, Excess Leverage Period or Increased Leverage Period.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq.

"Change of Control Event" shall mean that (a) both (I) any Person or group (as such term is defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act")), other than any Person included in, or any such group composed solely of members of, the Existing Control Group, shall have acquired, directly or indirectly, beneficial ownership (as such term is defined in Rule 13d-3 promulgated under the Exchange Act) of more than the greater of (x) 40% of the outstanding shares of Voting Stock of the Borrower and (y) the number of shares of Voting Stock of the Borrower then held by

the Existing Control Group and (II) the Administrative Agent, acting at the direction of the Required Banks, has notified the Borrower in writing that a Change of Control Event has occurred as a result of the circumstances described in the preceding clause (I) or (b) any "change of control" or similar event shall occur under any material agreement governing or evidencing Indebtedness of the Borrower or any of its Material Subsidiaries (other than any Existing Indebtedness and other than Indebtedness of PCI and its Subsidiaries existing on the Merger Agreement Date).

"Chemical Bank" shall mean Chemical Bank in its individual capacity.

"Co-Arranger" shall have the meaning provided in the first paragraph of this Agreement.

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"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Collateral Agent" shall mean the Administrative Agent acting as Pledgee under each of the Pledge Agreements.

"Collective Bargaining Agreement" shall have the meaning provided in Section 4.02(o).

"Commitment" shall mean, with respect to each Bank, such Bank's Tender Offer Commitment, Term Loan Commitment and Revolving Loan Commitment and, in the case of Chemical Bank, the Swingline Commitment.

"Commitment Commission" shall have the meaning provided in Section 2.01(a).

"Company Stockholder Approval" shall have the meaning

provided in Section 3.01(xvi) of the Investment Agreement.

"Consolidated Indebtedness" shall mean (i) the principal amount of all indebtedness of the Borrower and its Subsidiaries required to be accounted for as debt in accordance with GAAP and (ii) to the extent not otherwise included in clause (i), the principal amount of all Indebtedness or lease obligations of Persons guaranteed by the Borrower pursuant to Section 7.04(l) or (m), but, in any event, shall not include (x) Indebtedness or lease obligations of Persons not Subsidiaries guaranteed by PCI on the Tender Offer Closing Date (or extensions and/or replacements of such guarantees permitted by Section 7.03 (c)) and (y) any indebtedness in respect of the Subordinated Finance Co. Note.

"Consolidated Interest Coverage Ratio" shall mean, for any period, the ratio of (i) EBITDA for such period to (ii) Consolidated Interest Expense for such period.

"Consolidated Interest Expense" shall mean, for any period, the Total Cash Interest Expense for such period plus all interest expense for such period not payable in cash.

"Consolidated Net Income" shall mean for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries for such period taken as a single accounting period determined in conformity with GAAP, as modified in accordance with Section 11.07(a), provided that there shall be

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excluded the income (or loss) of any Person in which any other Person (other than the Borrower or a Wholly-Owned Subsidiary of the Borrower) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to the Borrower by such Person during such period.

"Contingent Obligations" shall mean as to any Person any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including,

without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment 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 of the primary obligor, (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 owner of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Conversion Date" shall be the first date on which all the following have occurred: (i) the BellSouth Equity Investment Date has occurred and (ii) either (x) the Credit Rating assigned by S&P is BBB- or above and the Credit Rating assigned by Moody's is Baa3 or above or (y) as determined as of the last day of the last two consecutive fiscal quarters, (A) the ratio of Consolidated Indebtedness on such day to EBITDA for the period (taken as one accounting period) of four fiscal quarters ending on such day is 4.0:1 or less and (B) the ratio of EBITDA for the period (taken as one accounting period) of four fiscal quarters ending on such day to Adjusted Total Cash Interest Expense for the period of four fiscal quarters ending on such day is 4.0:1 or more.

"Credit Documents" shall mean this Agreement, the Pledge Documents (while outstanding), the Notes and the Subsidiary Guaranty.

"Credit Party" shall mean the Borrower, each Subsidiary Guarantor and after the date, if any, on which Finance Co. executes the Subsidiary Guaranty and the Finance Co. Pledge Agreement, Finance Co.

"Credit Rating" shall mean the highest rating level (a rating level being, e.g., each of BBB, BBB- and BBB+, in the case of S&P) assigned by each of S&P and Moody's to any of the long term unsecured debt of the Borrower.

"Currency Agreements" shall mean foreign currency swaps, hedges or similar agreements designed to protect a Person against fluctuations in currency exchange rates.

"Decreased Interest Coverage Period" shall mean any period that (i) commences on (x) the date on which an officer's certificate is delivered pursuant to Section 6.01(c) which establishes that the Last Determined Consolidated Interest Coverage Ratio is 2.25:1 or less or (y) on the date which is 10 days after the last date on which financial statements required to be delivered pursuant to Section 6.01(a) or (b) are permitted to be delivered without creating a Default if the officer's certificate that sets forth the Last Determined Consolidated Interest Coverage Ratio and which is to be delivered with such financial statements has not yet been delivered and (ii) ends on the first date thereafter on which an officer's certificate is delivered pursuant to Section 6.01(c) that establishes that the Last Determined Consolidated Interest Coverage Ratio is greater than 2.25:1.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Differential" shall mean (i) 61,607,894 (or, if greater, such number that is equal to the number of Shares equal to 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of then exercisable stock options, as of the Tender Offer Closing Date) times the price per share payable pursuant to the Offer to Purchase less (ii) the sum of (a) the proceeds of issuances of Investor Preferred and/or Borrower Common Stock referred to in clause (x) of the definition of Maximum Price Per Share plus (b) \$3,000,000,000.

"Dividends" shall have the meaning provided in Section 7.05.

"Documents" shall mean and include the Credit Documents and the Transaction Documents.

"EBIT" shall mean, for any period, the Consolidated Net Income of the Borrower and its Subsidiaries, before interest income, interest expense and provision for taxes and without giving effect to any extraordinary gains in excess of extraordinary losses or gains from sales of assets (other than sales of inventory in the ordinary course of business) or to any financing costs related to this Agreement or the Merger.

"EBITDA" for any period shall mean EBIT, adjusted by adding thereto the amount of all amortization of intangibles and depreciation plus all non-cash charges in respect of deferred profit sharing plans, deferred compensation plans, pension plans and employee health plans plus all transaction costs arising from the Merger, plus all non-cash losses resulting from write-downs prior to the date 18 months after the Merger Agreement Date in respect of assets and businesses of PCI and its Subsidiaries existing at the time of the Merger, in each case that were deducted in arriving at EBIT for such period.

"Effective Date" shall have the meaning provided in Section 11.10.

"Eligible Assignee" shall have the meaning provided in Section 11.04(b).

"Employment Agreements" shall have the meaning provided in Section 4.02(o).

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations (other than internal reports prepared by the Borrower or any of its Subsidiaries solely in the ordinary course of such Person's business and not in response to any third party action or request of any kind) or proceedings relating in any way to any Environmental Law or any permit is-

sued, or any approval given, under any such Environmental Law (hereafter, "Claims"), including, without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials arising from alleged injury or threat of injury to health, safety or the environment.

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"Environmental Law" means any applicable Federal, state, foreign or local statute, law, rule, regulation, ordinance, code, guide, policy and rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or Hazardous Materials, including, without limitation, CERCLA; RCRA; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. Section 7401 et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 3808 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. Section 2701 et seq. and any applicable state and local or foreign counterparts or equivalents.

"Equity Contribution Agreement" shall mean the Equity Contribution Agreement in the form delivered to the Banks pursuant to Section 4.01(j) and as the same may be amended, modified or supplemented in accordance with the provisions thereof and hereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with the Borrower or any Subsidiary of the Borrower would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Estimated Net Cash Proceeds" shall mean, with respect to any Asset Sale, an amount equal to 90% of the Net Cash Proceeds of such Asset Sale as estimated by the Borrower in good faith and specified to the Administrative Agent in a writing containing calculations thereof and supporting assumptions on or prior to the date on which the Borrower or any Subsidiary is to receive the Cash Proceeds from such Asset Sale.

"Eurodollar Loans" shall mean each Loan bearing interest at the rates provided in Section 1.07(b).

"Eurodollar Rate" shall mean with respect to each Interest Period for a Eurodollar Loan, the arithmetic average (rounded to the nearest 1/100 of 1%) of the offered quotation to first-class banks in the interbank Eurodollar market by each

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Reference Bank for Dollar deposits of amounts in same day funds comparable to the outstanding principal amount of the Eurodollar Loan of such Reference Bank for which an interest rate is then being determined with maturities comparable to the Interest Period to be applicable to such Eurodollar Loan, determined as of 10:00 A.M. (New York time) on the date which is two Business Days prior to the commencement of such Interest Period.

"Event of Default" shall have the meaning provided in Section 8.

"Excess Leverage Period" shall mean any period that (i) commences on (x) the date on which an officer's certificate is delivered pursuant to Section 6.01(c) which establishes that the Last Determined Leverage Ratio is more than 5.5:1 or (y) the date which is 10 days after the last date on which financial statements required to be delivered pursuant to Section

6.01(a) or (b) are permitted to be delivered without creating a Default if the officer's certificate that sets forth the Last Determined Leverage Ratio and which is to be delivered with such financial statements has not yet been delivered and (ii) ends on the first date thereafter on which an officer's certificate is delivered pursuant to Section 6.01(c) that establishes that the Last Determined Leverage Ratio is 5.5:1 or less, provided that an Excess Leverage Period shall not exist at any time when an Increased Leverage Period exists.

"Existing Control Group" shall include Arrow, BellSouth, Liberty (until such time as it disposes of its equity interests in the Borrower pursuant to the Liberty-QVC Agreement) and/or any of the Specified Equity Investors, and their Affiliates, and including up to two additional Persons (and their Affiliates) who acquire equity investments in the Borrower with the proceeds thereof used to repay and/or redeem the Subordinated Finance Co. Note to the extent (x) any such additional Person becomes, prior to the making of such investment, a party to the QVC Stockholders Agreement entered into by and among the other members of the Existing Control Group and (y) such Person or Persons do not acquire the right to nominate a majority of the Board of Directors of the Borrower under the terms of the QVC Stockholders Agreement to which such Person became a party, but excluding any thereof who opposes the election to the Board of Directors of the Borrower of the Persons nominated by the holders of a majority of the Voting Stock held by such group as a whole.

"Existing Indebtedness" shall have the meaning provided in Section 5.19.

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"Existing Indebtedness Agreements" shall have the meaning provided in Section 4.02(o).

"Expiration Date" shall mean June 30, 1994.

"Facility" shall mean any of the four Facilities es-

established under this Agreement, i.e., the Tender Offer-A Facility, the Tender Offer-B Facility, the Term Loan Facility and the Revolving Credit Facility.

"FCC Long-Form Approval" shall mean action by the Federal Communications Commission approving the transfer of control of PCI to Borrower as proposed in file number BTCCT 931029 KE-KK, which approval may be subject to appeal but shall not be subject to any stay.

"Federal Funds Rate" shall mean for any period, a fluctuating interest rate equal for each day during such period to 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 (or, if such day 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 transactions received by the Administrative Agent from three Federal Funds brokers of recognized standing selected by the Administrative Agent.

"Fees" shall mean all amounts payable pursuant to, or referred to in, Section 2.01.

"Final Maturity Date" shall mean December 31, 2000.

"Final Net Cash Proceeds" shall mean, with respect to any Asset Sale, the amount of the Net Cash Proceeds resulting therefrom as determined in good faith by the Borrower, and certified in writing by the Borrower to the Administrative Agent no later than 60 days after the date on which any Cash Proceeds of such Asset Sale were received by the Borrower or any Subsidiary.

"Finance Co." shall have the meaning provided in Section 4.01(j).

"Finance Co. Control Event" shall mean (i) any event or circumstance has occurred which permits BellSouth Finance to become Managing General Partner of Finance Co. and (ii) the failure of the Subordinated Finance Co. Note to be either (x) repaid in full (or cancelled) upon the satisfaction of the BellSouth Conditions or (y) pledged to the Collateral Agent

pursuant to the Finance Co. Pledge Agreement as provided in Section 7.14(v).

"Finance Co. Loan Agreement" shall mean the Loan Agreement between Finance Co. and the Borrower pursuant to which the Subordinated Finance Co. Note is issued, in the form delivered pursuant to Section 4.01(j) and as the same may be amended, modified or supplemented as provided therein and herein.

"Finance Co. Pledge Agreement" shall mean a pledge agreement substantially in the form of Exhibit D-4 hereto, as the same may be amended, modified or supplemented from time to time.

"Finance Sub" shall mean QVC Finance Sub and, after the BellSouth Equity Investment Date, BellSouth Finance.

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect on the date of this Agreement (without taking into effect any application of Financial Accounting Standards Bulletins Nos. 96 or 106); it being understood and agreed that determinations in accordance with GAAP for purposes of Section 7, including defined terms as used therein, are subject (to the extent provided therein) to Section 11.07(a).

"GECC Facility" shall have the meaning provided in Section 7.01(1)

"Hazardous Materials" means (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contained, electric fluid containing levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous waste," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "toxic pollutants," "contaminants," or "pollutants," or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

"HSR Condition" shall have the meaning provided in the Investment Agreement.

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"Increased Leverage Period" shall mean any period that (i) commences on (x) the date on which an officer's certificate is delivered pursuant to Section 6.01(c) which establishes that the Last Determined Leverage Ratio is 6.25:1 or more or (y) on the date which is 10 days after the last date on which financial statements required to be delivered pursuant to Section 6.01(a) or (b) are permitted to be delivered without creating a Default if the officer's certificate that sets forth the Last Determined Leverage Ratio and which is to be delivered with such financial statements has not yet been delivered and (ii) ends on the first date thereafter on which an officer's certificate is delivered pursuant to Section 6.01(c) that establishes that the Last Determined Leverage Ratio is less than 6.25:1.

"Indebtedness" of any Person shall mean without duplication (i) all indebtedness of such Person for borrowed money, (ii) the deferred purchase price of assets or services which in accordance with generally accepted accounting principles would be shown on the liability side of the balance sheet of such Person, (iii) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder, (iv) all Indebtedness of a second Person secured by any Lien on any property owned by such first Person, whether or not such indebtedness has been assumed, (v) all Capitalized Lease Obligations of such Person, (vi) all obligations of such Person to pay a specified purchase price for goods or services whether or not delivered or accepted, i.e., take-or-pay and similar obligations, (vii) all obligations of such Person under Interest Rate Protection Agreements and/or Currency Agreements, (viii) all reimbursement or other monetary obligations with respect to surety, performance and bid bonds, and (ix) all Contingent Obligations of

such Person, provided that Indebtedness shall not include trade payables and accrued expenses, in each case arising in the ordinary course of business.

"Initial Borrowing Date" shall mean the first date, which shall in any event occur not later than the Expiration Date, upon which the Tender Offer-A Loans are incurred.

"Initial Subsidiary Guarantor" shall mean each Material Subsidiary of the Borrower existing on the Initial Borrowing Date other than (x) PCI and its Subsidiaries and (y) QVC Finance Sub.

"Interest Period," with respect to any Loan, shall mean the interest period applicable thereto, as determined pursuant to Section 1.08.

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"Interest Rate Protection Agreement" shall mean any interest rate swap agreement or other similar agreement or arrangement designed to protect a Person against fluctuations in interest rates but shall not include interest collars, caps or hedges.

"Investment Agreement" shall mean the Investment Agreement dated as of January 7, 1994 among the Borrower, the Specified Equity Investors, Liberty and BellSouth in the form delivered to the Bank pursuant to Section 4.01(i) and (j) and as the same may be amended, modified or supplemented in accordance with the terms thereof and hereof.

"Investor Documents" shall mean all agreements, certificates, and instruments governing the issuance to the Specified Equity Investors of, and the terms and conditions of, the Investor Preferred and Borrower Common Stock, including the Investment Agreement and the certificates of designation for each series of Investor Preferred, in the form delivered to the Banks pursuant to Section 4.01(i) and as the same may be subsequently amended, modified or supplemented in accordance with the terms thereof and hereof.

"Investor Non-Voting Preferred" shall mean and include (x) the Series F Non-Voting Preferred and (y) if issued, the Series G Non-Voting Preferred.

"Investor Preferred" shall mean and include the Investor Non-Voting Preferred and when issued in exchange for Series F Non-Voting Preferred, the Investor Voting Preferred.

"Investor Voting Preferred" shall mean the shares of the Borrower's Series E Convertible Exchangeable Preferred Stock issued to the Specified Equity Investors in exchange for the Series F Non-Voting Preferred upon satisfaction of the conditions for such exchange as specified in the Investment Agreement and, to the extent issued, the up to 500,000 shares of the Borrower's Series E Convertible Exchangeable Preferred Stock issued to BellSouth for a purchase price not in excess of \$500,000,000 upon satisfaction of all remaining BellSouth Conditions, plus in any event shares thereof representing payment in lieu of dividends.

"Last Determined Consolidated Interest Coverage Ratio" shall mean at any time, the ratio, if any, that is correctly specified in the then latest officer's certificate delivered to the Banks pursuant to Section 6.01(c) as the Consolidated Interest Coverage Ratio for the consecutive four fiscal quarter periods (or if less the period comprised of the

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completed fiscal quarters which commenced after the Merger Borrowing Date) ended on the last day of the fiscal quarter with respect to which such officer's certificate has been delivered.

"Last Determined Leverage Ratio" shall mean at any time, the ratio, if any, that is correctly specified in the then latest officer's certificate delivered to the Banks pursuant to Section 6.01(c) as the Leverage Ratio as at the end of the fiscal quarter with respect to which such officer's certificate has been delivered.

"Leverage Ratio" shall mean as at the end of any fiscal quarter the ratio of (i) Consolidated Indebtedness plus, to the extent not subject to the Finance Co. Pledge Agreement executed by Finance Co. on or after the BellSouth Equity Investment Date, the outstanding principal amount of the Subordinated Finance Co. Note to (ii) EBITDA for the four quarters ending at the end of such quarter (or if such quarter is one of the first three full quarters commencing after the Merger Borrowing Date, the Annualized EBITDA at the end of such quarter).

"Liberty" shall mean Liberty Media Corporation, a Delaware corporation.

"Liberty Put Obligation" shall mean the obligations, as set forth in the Liberty-QVC Agreement, of the Borrower to repurchase shares of the Borrower's equity held by Liberty and/or its affiliates on November 11, 1993, and/or to make certain other payments in respect of such shares, all in accordance with the terms and provisions of the Liberty-QVC Agreement.

"Liberty-QVC Agreement" shall mean the Agreement dated as of November 11, 1993 between Liberty and the Borrower in respect of, inter alia, the Liberty Put Obligation in the form delivered to the Banks pursuant to Section 4.01(j).

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof).

"Loan" shall mean each and every Loan made by any Bank hereunder, including Tender Offer Loans, Term Loans Revolving Loans and Swingline Loans.

"Management Agreements" shall have the meaning provided in Section 4.02(o).

"Mandatory Borrowing" shall have the meaning provided in Section 1.01(A) (e).

"Margin Stock" shall have the meaning provided in Regulation U.

"Material Adverse Effect" shall mean a material adverse effect on the business, properties, assets, liabilities, or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole.

"Material Subsidiary" shall mean any Wholly-Owned Subsidiary having gross assets with a value of at least \$10,000,000 and/or EBITDA for the last four fiscal quarters of at least \$2,000,000 and shall in any event include QVC Finance Sub.

"Maximum Price Per Share" shall mean \$92 or such higher amount (x) funded solely with the proceeds of the sale of Investor Preferred and/or Borrower Common Stock for cash proceeds in excess of \$1,500,000,000, (y) agreed to by each of the Co-Arrangers prior to the Effective Date or (z) agreed to by each of the Co-Arrangers and the Required Banks after the Effective Date.

"Merger" shall mean the merger of PCI and Merger Sub.

"Merger Agreement" shall mean the Agreement and Plan of Merger dated as of December 22, 1993 between the Borrower and PCI relating to the Merger (x) in the form delivered to the Co-Arrangers prior to December 31, 1993 and as the same may be amended, modified or amended prior to the Tender Offer Closing Date with the consent of each Co-Arranger and as the same may be subsequently amended, modified or supplemented in accordance with the provisions thereof and hereof.

"Merger Agreement Date" shall mean the later of (x) the Tender Offer Closing Date and (y) the date on which the Merger Agreement is executed.

"Merger Borrowing Date" shall mean the date on which the Merger shall have been consummated.

"Merger Documents" shall mean all agreements and instruments, including the Merger Agreement, the certificate of Merger, all Proxy Materials and any other document or information sent by the Borrower or PCI or PCI's stockholders or filed with the SEC under the Securities Exchange Act of 1934, as amended, in respect of the Merger, effecting, evidencing or

governing the Merger, in the form delivered to the Banks pursuant to Section 4.02(f) and as the same may be subsequently amended, modified or supplemented in accordance with the provisions thereof and hereof.

"Merger Preferred" shall mean the preferred stock of the Borrower satisfactory to the Required Banks that is issued to PCI shareholders pursuant to the Merger (which includes the preferred stock on the terms described in the Offer to Purchase).

"Merger Sub" shall mean QVC Merger Sub, Inc., a Delaware corporation created by the Borrower to effect the Merger.

"Merger Warrants" shall mean the warrants to acquire shares of Borrower Common Stock issued to PCI shareholders pursuant to the Merger on the terms described in the Offer to Purchase and otherwise on terms acceptable to each Co-Arranger.

"MFJ Condition" shall have the meaning provided in the Investment Agreement.

"MFJ Transactions" shall have the meaning provided in the Investment Agreement.

"Minimum Assignment Amount" shall mean, with respect to any assignment by any Bank of its Loans or Commitments hereunder, (x) \$25,000,000 times (y) (a) prior to the Merger Borrowing Date, 100% or (b) on and after the Merger Borrowing Date, a fraction (i) the numerator of which is the sum of the then outstanding principal amount of Term Loans plus the Total Revolving Credit Commitment at such time and (ii) the denominator of which is \$3,000,000,000.

"Minimum Borrowing Amount" shall mean (i) for Tender Offer-A Loans, \$100,000,000, (ii) for Tender Offer-B Loans, \$25,000,000, (iii) for Term Loans, \$100,000,000, (iv) for Revolving Loans, \$10,000,000 and (v) for Swingline Loans, \$1,000,000.

"Moody's shall mean Moody's Investors Service, Inc. or any successor corporation thereto.

"Net Cash Proceeds" shall mean, with respect to any Asset Sale, the Cash Proceeds resulting therefrom net of reasonable costs and expenses of sale and related cash settlements (including fees, commissions, sales and transfer taxes, payment of severance and other termination costs, other current liabilities attaching to the assets sold and retained by the seller and principal, premium and interest of Indebtedness

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other than the Loans, required to be, and which is, repaid under the terms thereof as a result of such Asset Sale) and incremental income taxes paid or payable as a result thereof.

"Net Debt Issuance Proceeds" shall mean the proceeds (net of reasonable costs, fees and expenses associated therewith) received from the incurrence of Indebtedness.

"Net Equity Issuance Proceeds" shall mean the proceeds (net of underwriting discounts and commissions and other reasonable costs, fees and expenses associated therewith) received from the sale of equity.

"Net Worth" shall mean, at any date, the stockholders' equity of the Borrower and its Subsidiaries determined in accordance with GAAP and as would be reflected on a consolidated balance sheet of the Borrower and shall in any event be computed to include therein the Borrower Common Stock and Borrower Preferred Stock subject to the Liberty Put Obligations and the Investor Preferred.

"Note" shall mean each Tender Offer-A Note, Tender Offer-B Note, Term Note, Revolving Note and the Swingline Note.

"Notice of Borrowing" shall have the meaning provided in Section 1.02(a).

"Notice of Conversion" shall have the meaning provided in Section 1.05(a).

"Notice Office" shall mean the office of the Administrative Agent at 270 Park Avenue, New York, New York or such other office as the Administrative Agent may designate to the Borrower and the Banks from time to time.

"Obligations" shall mean all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing, owing to the Administrative Agent or any Bank pursuant to the terms of this Agreement or any other Credit Document.

"Offer to Purchase" shall mean the Offer to Purchase dated October 27, 1993, issued in connection with the Acquisition, as amended and supplemented prior to December 31, 1993 and as further amended, modified or supplemented as provided in Section 4.01(g) or otherwise with the consent of the Required Banks.

"Paramount" shall mean Paramount Communications Inc., a Delaware corporation, as the surviving entity of the Merger.

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"Payment Office" shall mean the office of the Administrative Agent at 270 Park Avenue, New York, New York or such other office as the Administrative Agent may designate to the Borrower and the Banks from time to time.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"PCI" shall mean Paramount Communications Inc., a Delaware corporation, prior to giving effect to the Merger.

"Permitted Encumbrances" shall mean (i) those easements, encroachments, covenants, rights of way, minor defects, irregularities or encumbrances on title which are not unusual with respect to property similar in character to any such property and which do not materially impair such property for

the purpose for which it is held by the owner thereof, (ii) municipal and zoning ordinances, which are not violated by the existing improvements and the present use made by the owner thereof, (iii) general real estate taxes and assessments not yet delinquent, and (iv) such other similar items as the Administrative Agent may consent to.

"Permitted Liens" shall have the meaning provided in Section 7.02(c).

"Permitted Subordinated Debt" shall mean subordinated debt of the Borrower, all of the terms (including the principal amount thereof if, and only if, such principal amount exceeds (x) the stated amount of the Borrower's monetary obligations under the Liberty Put Obligation, (y) the purchase price paid for Investor Preferred being exchanged or redeemed or (z) the liquidation value of the Merger Preferred being exchanged or redeemed, as the case may be, plus in the case of clauses (y) and (z), any accrued and unpaid (in cash) dividends thereon) and conditions of which are acceptable to the Administrative Agent and the Required Banks (and which may differ among the issues utilized for the foregoing different purposes), issued (i) to finance the Borrower's monetary obligations under the Liberty Put Obligation and/or (ii) in exchange for, and/or to repay or redeem, the Investor Preferred and/or Merger Preferred as provided in Section 7.05, together with accrued and unpaid (in cash) dividends thereon, provided that the terms and conditions of the Junior Subordinated Exchange Indenture set forth in Exhibit 6 to the Investment Agreement shall be deemed acceptable to the Administrative Agent and the Required Banks.

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"Person" shall mean any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any multiemployer or single-employer plan as defined in Section 4001 of ERISA and covered by

Title IV thereof, which is maintained or contributed to by (or to which there is an obligation to contribute of), or at any time during the five calendar years preceding the date of this Agreement was maintained or contributed to by (or to which there was an obligation to contribute of) the Borrower, any of its Subsidiaries or an ERISA Affiliate with respect to which any material liability exists currently or could reasonably be expected to exist at any time while this Agreement is in effect.

"Pledge Agreements" shall mean and include (x) the Pledge Agreement executed by the Borrower and delivered pursuant to Section 4.01(e), (y) the Pledge Agreement executed by the VTA Trustee and delivered pursuant to Section 4.01(e), in each case as the same may be amended, modified or supplemented from time to time and (z) once executed and delivered, the Finance Co. Pledge Agreement.

"Pledge Documents" shall mean the Pledge Agreements and the VTA.

"Prime Lending Rate" shall mean the rate which the Administrative Agent announces from time to time as its prime lending rate, the Prime Lending Rate to change when and as such prime lending rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"Principal Stockholders" shall mean the Specified Equity Investors, BellSouth and Arrow.

"Pro Forma EBITDA" shall mean the good faith estimate, as set forth in a schedule delivered to the Administrative Agent prior to the Merger Borrowing Date (which shall provide a copy to each Bank) and found reasonably satisfactory by the Administrative Agent, of the pro forma combined EBITDA for the Borrower and its Subsidiaries, together with PCI and its Subsidiaries, for the respective fiscal periods described in the definition of Annualized EBITDA.

"Projections" shall have the meaning provided in Section 5.11(f).

"Proxy Materials" shall mean all proxy materials, if any, sent by PCI to its stockholders in connection with the Merger.

"QVC Finance Sub" shall mean QVC Finance Subsidiary, Inc., a Delaware corporation.

"RCRA" shall mean the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq.

"Real Property" of any Person shall mean all of the right, title and interest of such Person in and to land, improvements and fixtures, including leaseholds.

"Reference Banks" shall mean and include Barclays Bank PLC, Toronto Dominion (Texas), Inc. and Chemical Bank.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Replacement Facilities" shall have the meaning provided in Section 7.01(1).

"Reportable Event" shall mean an event described in Section 4043(b) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Required Banks" shall mean (x) if prior to the Merger Borrowing Date, Banks whose Tender Offer Commitments, Term Loan Commitments and Revolving Commitments exceed 50% of the sum of the Total Tender Offer Commitment, the Total Term Loan Commitment and the Total Revolving Commitment and (y) on and after the Merger Borrowing Date, Banks whose outstanding Term Loans and Revolving Commitments exceed 50% of the total outstanding Term Loans and Total Revolving Commitment.

"Revolving Commitment" shall mean, with respect to

each Bank, the amount set forth opposite such Bank's name in Schedule I hereto directly below the column entitled "Revolving

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Commitment," as same may be reduced from time to time pursuant to Sections 2.02, 2.03 and/or 8.

"Revolving Credit Facility" shall mean the Facility evidenced by the Total Revolving Commitment.

"Revolving Loan" shall have the meaning provided in Section 1.01(A) (d).

"Revolving Note" shall have the meaning provided in Section 1.04(a) (iv).

"RL Bank" shall mean at any time each Bank with a Revolving Commitment.

"S&P" shall mean Standard & Poor's Corporation, or any successor corporation thereto.

"Scheduled Repayment" shall have the meaning provided in Section 3.02 (A) (b).

"Scheduled Repayment Date" shall have the meaning provided in Section 3.02(A) (b).

"Scheduled Reduction" shall have the meaning provided in Section 2.03(g).

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Section 3.02(A) (e) (vii) Issuance" shall have the meaning provided in Section 7.01(j).

"Series F Non-Voting Preferred" shall mean the Borrower's Series F Convertible Non-Voting Preferred Stock issued to the Specified Equity Investors pursuant to, and in ac-

cordance with, Section 2.02 of the Investment Agreement for a purchase price of not in excess of \$750,000,000.

"Series G Non-Voting Preferred" shall mean the Borrower's Series G Convertible Non-Voting Preferred Stock, if any, issued to the Specified Equity Investors pursuant to, and in accordance with, Section 2.02 of the Investment Agreement for the purchase price of at least \$750,000,000, which preferred stock is convertible into Borrower Common Stock.

"Shareholders' Agreements" shall have the meaning provided in Section 4.02(o).

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"Share Purchase Loans" shall mean the Tender Offer Loans the proceeds of which are utilized on the date incurred to purchase Shares pursuant to the Offer to Purchase.

"Shares" shall mean shares of common stock of PCI.

"Special Funding Procedures Letter" shall mean a letter agreement among the Borrower and each Bank, substantially in the form of Exhibit H hereto.

"Specified Equity Investors" shall mean Comcast Corporation, Cox Enterprises, Inc. and Advance Publications, Inc., or their affiliates as provided for in the Investment Agreement.

"Subordinated Finance Co. Note" shall mean the promissory note issued by the Borrower to Finance Co. to evidence the subordinated loan of \$1,500,000,000 made by Finance Co. to the Borrower on or prior to the Initial Borrowing Date and as the same may be subsequently amended, modified or supplemented in accordance with the terms thereof and hereof.

"Subsidiary" of any Person shall mean and include (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to

elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (ii) any partnership, association, joint venture or other entity in which such Person directly or indirectly through Subsidiaries, has more than a 50% equity interest at the time. Unless otherwise expressly provided, (x) all references herein to "Subsidiary" shall mean a Subsidiary of the Borrower and (y) PCI and its Subsidiaries will be deemed Subsidiaries of the Borrower on and after the Tender Offer Closing Date, provided that no action taken or authorized by PCI and/or any of its Subsidiaries prior to the earlier of (i) the Merger Borrowing Date and (ii) the tenth Business Day following the date on which the FCC Long-Form Approval has been obtained (or such longer period as is required to satisfy Rule 14f-1 of the Securities Exchange Act of 1934, to the extent applicable) will, to the extent such action does not violate any of the covenants and agreements of PCI contained in the Merger Agreement, result in a breach or violation of any of the covenants contained in Sections 6 and 7 hereof to the extent that any default of any such covenants that would otherwise result in the absence of this proviso is cured no later than the Merger Borrowing Date.

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"Subsidiary Guarantor" shall mean and include (x) each Initial Subsidiary Guarantor, (y) on and after the Merger Borrowing Date, each Additional Subsidiary Guarantor and (z) such other Wholly-Owned Subsidiaries of the Borrower that become a Subsidiary Guarantor by executing, and delivering to the Administrative Agent, a counterpart of the Subsidiary Guaranty.

"Subsidiary Guaranty" shall have the meaning provided in Section 4.01(d).

"Swingline Commitment" shall mean \$25,000,000.

"Swingline Expiry Date" shall mean the Business Day

which is five Business Days prior to the Final Maturity Date.

"Swingline Facility" shall mean the facility evidenced by the Swingline Commitment.

"Swingline Loan" shall have the meaning provided in Section 1.01(A) (e).

"Swingline Note" shall have the meaning provided in Section 1.04(a).

"Syndication Date" shall mean the earlier of (x) the date which is 90 days after the Initial Borrowing Date and (y) the date specified by the Administrative Agent in writing to the Borrower as the date on which the primary syndication of the Total Commitment has been completed.

"Taxes" shall have the meaning provided in Section 3.04.

"Tax Sharing Agreements" shall have the meaning provided in Section 4.02(o).

"Tender Offer" shall mean the tender offer commenced by the Borrower pursuant to the Offer to Purchase.

"Tender Offer-A Commitment" shall mean at any time, with respect to each Bank, such Bank's TO Percentage of the Total Tender Offer-A Commitment at such time.

"Tender Offer-A Facility" shall mean the Facility evidenced by the Total Tender Offer-A Commitment.

"Tender Offer-A Loan" shall have the meaning provided in Section 1.01(A) (a).

"Tender Offer-A Note" shall have the meaning provided in Section 1.04(a) (i).

"Tender Offer-B Commitment" shall mean at any time, with respect to each Bank, such Bank's TO Percentage of the Total Tender Offer-B Commitment at such time.

"Tender Offer-B Facility" shall mean the Facility evidenced by the Total Term Loan-B Commitment.

"Tender Offer-B Loan" shall have the meaning provided in Section 1.01(A) (b).

"Tender Offer-B Note" shall have the meaning provided in Section 1.04(a) (ii).

"Tender Offer Closing Date" shall mean the date of the closing of the Tender Offer, which shall also be the date Shares are accepted for payment by the Borrower, provided, that if prior to the date of the closing of the Tender Offer the Borrower has given the Administrative Agent written notice that it will not utilize the Special Funding Procedures Letter, the Tender Offer Closing Date shall then be the Initial Borrowing Date.

"Tender Offer Commitment" shall mean, with respect to each Bank, its Tender Offer-A Commitment plus its Tender Offer-B Commitment.

"Tender Offer Documents" shall mean the Offer to Purchase, the Schedule 14D-1 filed by the Borrower, the Schedule 14D-9 filed by PCI with respect to the Offer to Purchase and all amendments and exhibits thereto and related documents filed with the SEC or distributed to the stockholders of PCI, in each case prior to December 31, 1993, and shall, in any event, include any Merger Documents first delivered to the Banks during such period.

"Tender Offer Loans" shall mean and include Tender Offer-A Loans and Tender Offer-B Loans.

"Tender Offer Maturity Date" shall mean the earlier of (i) the date which is nine months after the Tender Offer Closing Date and (ii) the date on which the Merger shall have been consummated.

"Tender Offer Notes" shall mean and include Tender Offer-A Notes and Tender Offer-B Notes.

"Term Loan" shall have the meaning provided in Section 1.01(A)(c).

"Term Loan Commitment" shall mean, with respect to each Bank, the amount, if any, set forth opposite such Bank's name on Schedule I hereto directly below the column entitled "Term Loan Commitment" as the same may be reduced or terminated pursuant to Section 2.03.

"Term Loan Facility" shall mean the Facility evidenced by the Total Term Loan Commitment.

"Term Loan Reduction" shall mean the repayment of \$500,000,000 of the Scheduled Repayments coming due on or after March 31, 2000.

"Term Note" shall have the meaning provided in Section 1.04(a)(iii).

"TO Percentage" shall mean, with respect to each Bank, the percentage, if any, set forth opposite such Bank's name on Schedule I hereto directly below the column entitled "TO Percentage," as the same may be adjusted pursuant to Section 11.04.

"Total Cash Interest Expense" shall mean for any period total interest expense of the Borrower and its Subsidiaries on a consolidated basis (including, without limitation, the interest expense associated with Capitalized Lease Obligations and cash dividends paid on the Investor Preferred and Merger Preferred during such period but excluding expense for interest not payable in cash (including amortized financing costs and interest in respect of the Subordinated Finance Co. Note to the extent not payable in cash)) during such period net of cash interest income for such period.

"Total Commitment" shall mean the sum of the Total Tender Offer Commitment, the Total Term Loan Commitment and the Total Revolving Commitment.

"Total Revolving Commitment" shall mean the sum of the Revolving Commitments of each of the Banks.

"Total Tender Offer-A Commitment" shall mean, at any

time, the lesser of (x) the Total Tender Offer Commitment and (y) an amount equal to 50% of the total purchase price paid by the Borrower to purchase Shares pursuant to the Offer to Purchase.

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"Total Tender Offer-B Commitment" shall mean, at any time, (x) the Total Tender Offer Commitment less (y) the Total Tender Offer-A Commitment.

"Total Tender Offer Commitment" shall mean \$3,000,000,000, as the same may be reduced from time to time pursuant to Section 2.03 and/or 8.

"Total Term Loan Commitment" shall mean the sum of the Term Loan Commitments of each of the Banks.

"Transaction Documents" shall mean and include the Tender Offer Documents, the Additional Tender Offer Documents, the Merger Documents, the Specified Equity Investor Documents and the BellSouth Documents.

"Two Thirds Banks" shall mean (x) if prior to the Merger Borrowing Date, Banks whose Tender Offer Commitments, Term Loan Commitments and Revolving Commitments equal to 66-2/3% or more of the sum of the Total Tender Offer Commitment, the Total Term Loan Commitment and the total Revolving Commitment and (y) on and after the Merger Borrowing Date, Banks whose outstanding Term Loans and Revolving Commitments equal to 66-2/3% or more of the total outstanding Term Loans and Total Revolving Commitment.

"Type" shall mean any type of Loan determined with respect to the interest option applicable thereto, i.e., a Base Rate Loan or Eurodollar Loan.

"UCC" shall mean the Uniform Commercial Code.

"Unfunded Current Liability" of any Plan shall mean

the amount, if any, by which the present value of the accrued benefits under the Plan as of the close of its most recent plan year, determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by the Plan's actuary in the most recent annual valuation of the Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

"Unused Basket" shall mean, at any time, (i) the aggregate Net Debt Issuance Proceeds and Net Equity Issuance Proceeds theretofore received by the Borrower and/or any of its Subsidiaries and not required to be utilized to repay Loans as a result of only 75% of Net Debt Issuance Proceeds and/or Net Equity Issuance Proceeds being required to be applied to repay Loans pursuant to Section 3.02(A)(d)(y) or 3.02(A)(e)(II), as the case may be, less (ii) the aggregate amounts theretofore

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expended pursuant to Section 7.01(k), Section 7.04(m) or the proviso to Section 7.05(b)(y).

"Voting Stock" shall mean the shares of capital stock and any other securities of any Person entitled to vote generally for the election of directors of such Person or any other securities (including, without limitation, rights and options), convertible into, exchangeable into or exercisable for, any of the foregoing (whether or not presently exercisable, convertible or exchangeable).

"VTA" shall mean the Voting Trust Agreement substantially in the form of Exhibit D-1 and the same may be amended, modified or supplemented as provided for therein and in the VTA.

"VTA Trustee" shall have the meaning provided in Section 4.01(e).

"Wholly-Owned Subsidiary" of any Person shall mean any Subsidiary of such Person to the extent all of the capital stock or other ownership interests in such Subsidiary, other

than directors' qualifying shares, is owned directly or indirectly by such Person.

"Written" or "in writing" shall mean any form of written communication or a communication by means of telex, telecopier device, telegraph or cable.

SECTION 10. The Administrative Agent.

10.01 Appointment. Each Bank hereby irrevocably designates and appoints Chemical Bank as Administrative Agent (which term shall include Chemical Bank acting as Collateral Agent) of such Bank to act as specified herein and in the other Credit Documents, and each such Bank hereby irrevocably authorizes Chemical Bank as the Administrative Agent for such Bank, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. The Administrative Agent agrees to act as such upon the express conditions contained in this Section 11. Notwithstanding any provision to the contrary elsewhere in this Agreement, neither the Administrative Agent (nor any Co-Arranger) shall have any duties or responsibilities, except those expressly set forth herein or in the other Credit Documents, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties,

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obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent or any Co-Arranger. The provisions of this Section 11 are solely for the benefit of the Administrative Agent, each Co-Arranger and the Banks, and no Credit Party shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, the Administrative Agent shall act solely as agent of the Banks and the Administrative Agent does not assume and shall not be deemed to have assumed any obligation or relationship of agency or trust with or for any Credit Party. The Co-Arrangers (in their ca-

pacities as such) shall have no express or implied duties, functions or responsibilities under or in connection with any of the Credit Documents.

10.02 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Credit Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care except to the extent otherwise required by Section 11.03.

10.03 Exculpatory Provisions. The Administrative Agent, or any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by any Credit Party or any of their respective officers contained in this Agreement, any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Credit Document or for any failure of any Credit Party or any of their respective officers to perform its obligations hereunder or thereunder. The Administrative Agent shall not 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 to inspect the properties, books or records of any Credit Party. The Administrative Agent shall not be responsible to any Bank for the effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement or any Credit Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statement or in any

financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Administrative Agent to the Banks or by or on behalf of any Credit Party to the Administrative Agent or any Bank or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default or Event of Default.

10.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order 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, without limitation, counsel to the Credit Parties), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate or 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 Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of the Required Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks.

10.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Bank or the Borrower or any other Credit Party 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 Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Banks. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks, provided that, unless and until the Administrative Agent shall have received such directions, the Administrative 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 in the best interests of the Banks.

10.06 Non-Reliance on Administrative Agent and Other Banks. Each Bank expressly acknowledges, notwithstanding any other provision of this Agreement, that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates (and that neither any Co-Arranger nor any of its officials, directors, employees, agents, attorneys-in-fact or affiliates) have made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower or any of its Subsidiaries, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Bank. Each Bank represents to the Administrative Agent (and each Co-Arranger) that it has, independently and without reliance upon the Administrative Agent, the any Co-Arranger or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Credit Parties and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Administrative Agent, any Co-Arranger or any other Bank, 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 to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Credit Parties. The Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, assets, property, financial and other conditions, prospects or creditworthiness of any Credit Party which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

10.07 Indemnification. The Banks agree to indemnify each of the Administrative Agent in its capacity as such ratably according to the Banks' aggregate Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, reasonable expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, incurred by or asserted against the Administrative Agent in its capacity as such in any way relating to or arising out of this Agreement or any

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other Credit Document, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted to be taken by the Administrative Agent under or in connection with any of the foregoing, but only to the extent that any of the foregoing is not paid by the Borrower, provided that no Bank shall be liable to the Administrative Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the gross negligence or willful misconduct of the Administrative Agent. If any indemnity furnished to the Administrative Agent for any purpose shall, in the opinion of the Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section 10.07 shall survive the payment of all Obligations.

10.08 Administrative Agent in Its Individual Capacity. The Administrative Agent (and each Co-Arranger) and its and their respective affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower and its Subsidiaries as though the Administrative Agent (or any Co-Arranger) were not the Administrative Agent (or a Co-Arranger, as the case may be) hereunder. With respect to the Loans made by it and all Obligations owing to it, the Administrative Agent and each Co-Arranger each shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not the Administrative

Agent (or a Co-Arranger) and the terms "Bank" and "Banks" shall include the Administrative Agent and each Co-Arranger each in its individual capacity.

10.09 Resignation of Administrative Agent; Successor Administrative Agent. The Administrative Agent may resign as the Administrative Agent upon 20 days' notice to the Banks and the Borrower. Upon the resignation of the Administrative Agent, the Required Banks shall appoint from among the Co-Arrangers a successor Administrative Agent for the Banks subject to prior approval by the Borrower (such approval not to be unreasonably withheld), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall include such successor agent effective upon its appointment and acceptance, and the resigning Administrative Agent's rights, powers and duties as the Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement. After the retiring Administrative Agent's resignation hereunder as the Administrative Agent, the provisions of this Section 11

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shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

SECTION 11. Miscellaneous.

11.01 Payment of Expenses, etc. The Borrower agrees to: (i) whether or not the transactions herein contemplated are consummated, pay all reasonable out-of-pocket costs and expenses of the Administrative Agent and each Co-Arranger in connection with the negotiation, preparation, execution and delivery of the Credit Documents and the documents and instruments referred to therein and any amendment, waiver or consent relating thereto (including, without limitation, the reasonable fees and disbursements of White & Case (it being understood that the Borrower shall not be responsible for the fees and disbursements of any other counsel in connection with any of the foregoing) and of the Administrative Agent) and the reason-

able fees and disbursements of the Administrative Agent and each of the Banks in connection with the enforcement of the Credit Documents and the documents and instruments referred to therein (including, without limitation, the reasonable fees and disbursements of counsel for the Administrative Agent and for each of the Banks); (ii) pay and hold each of the Banks harmless from and against any and all present and future stamp and other similar taxes with respect to the foregoing matters and save each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes; and (iii) indemnify the Administrative Agent and each Bank, their respective officers, directors, employees, representatives and agents (each, an "indemnified person") from and hold each of them harmless against any and all losses, liabilities, claims, damages or expenses incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of, (a) any investigation, litigation or other proceeding (whether or not any Bank is a party thereto) related to the entering into and/or performance of any Credit Document or the use of the proceeds of any Loans hereunder or the Merger or the consummation of any other transactions contemplated in any Credit Document, (b) any settlement entered into in connection with the foregoing to the extent such settlement has been consented to by the Borrower, which consent shall not be unreasonably withheld or (c) the actual or alleged presence of Hazardous Materials on, or released from, any Real Property of the Borrower or any Environmental Claim with respect to the Borrower, in each case including, without limitation, the reasonable fees and disbursements of a single counsel incurred in connection with any such investigation, litigation, Environmental Claim or any of the Borrower's or any Subsidiary's acts,

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omissions, business, operations or Real Property, or other proceeding (but excluding any such losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). To the extent that the undertaking to indemnify and hold harmless set forth in this Section 11.01 may be unenforceable because it is violative of any law or public policy

as determined by a final judgment of a court of competent jurisdiction, the Borrower shall make the maximum contribution to the payment and satisfaction of each of the liabilities giving rise to claims under the indemnification provisions of this Section 11.01 which is permissible under applicable law.

11.02 Right of Setoff. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Bank is hereby authorized, to the full extent not prohibited by applicable law, at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Borrower against and on account of the Obligations and liabilities of the Borrower to such Bank under this Agreement or under any of the other Credit Documents, including, without limitation, all interests in Obligations of the Borrower (but excluding any amounts held by such Bank in a trustee capacity) purchased by such Bank pursuant to Section 11.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not such Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

11.03 Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing and mailed, telegraphed, telexed, telecopied, cabled or delivered, if to the Borrower, at the address specified opposite its signature below; if to any Bank, at its address specified for such Bank on Schedule II hereto; or, at such other address as shall be designated by any party in a written notice to the other parties hereto. All such notices and communications shall be mailed, telegraphed, telexed, telecopied, or cabled or sent by overnight courier, and shall be effective when received.

11.04 Benefit of Agreement. (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided that no Credit Party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the Banks. Nothing in this Section 11.04 shall prevent or prohibit any Bank from pledging its Loans and/or Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Bank from such Federal Reserve Bank. Each Bank may at any time grant participations in any of its rights hereunder or under any of the Notes to a commercial bank, other financial institution, mutual fund or "Accredited Investor" as such term is defined in Regulation D of the Securities Act of 1933, as amended, provided that in the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against such Bank in respect of such participation to be those set forth in the agreement executed by such Bank in favor of the participant relating thereto) and all amounts payable by the Borrower hereunder shall be determined as if such Bank had not sold such participation, except that the participant shall be entitled to the benefits of Sections 1.09, 1.10 and 3.04 of this Agreement to the extent that such Bank would be entitled to such benefits if the participation had not been entered into or sold, and provided further that no Bank shall transfer, grant or assign any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) extend the final scheduled maturity of any Loan or Note in which such participant is participating (it being understood that any waiver of an installment on, the application of any prepayment or the method of any application of any prepayment to, the amortization of the Term Loans shall not constitute an extension of the final maturity date) or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of the applicability of any post-default increase in interest rates or interest on unpaid interest), or reduce the principal amount thereof, or increase such participant's participating interest in any Commitment over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Commitment, or a mandatory prepayment, shall not constitute a change in the terms of any Commitment), (ii) release all or substantially all of the Collateral or (iii) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under this

(b) Notwithstanding the foregoing, (x) any Bank may assign all or a portion of its Loans and/or Commitments and its rights and obligations hereunder to its parent company and/or any affiliate of such Bank which is at least 50% owned by such Bank or its parent company or to one or more Banks and (y) any Bank may assign a portion, in an amount equal to at least the Minimum Assignment Amount of its Loans and/or Commitments and its rights and obligations hereunder to any other commercial banks, other financial institutions, mutual funds or "Accredited Investors" as such term is defined in Regulation D of the Securities Act of 1933, as amended, other than in any event any competitor of the Borrower and/or its Subsidiaries (each an "Eligible Assignee") each of which assignees to become a party to this Agreement as a Bank prior to or after the Initial Borrowing Date by executing an assignment agreement in the form of Exhibit G hereto, appropriately completed (an "Assignment Agreement") with the assigning Bank, provided that, in each case, (i) assignments of Revolving Credit Commitments and/or unfunded Term Loan Commitments or Tender Offer Commitments may be made to Persons which are not commercial banks or financial institutions only with the consent of the Borrower, which shall not be unreasonably withheld, (ii) at such time Schedule I shall be deemed to have been modified to reflect the TO Percentages, Loans and/or Commitments of such new Bank and of the existing Banks, (iii) if requested by such new Bank or the assigning Bank, the Borrower shall issue (upon return of the to be replaced existing Notes) new Notes to such new Bank and to the assigning Bank in conformity with the requirements of Section 1.04 to the extent needed to reflect the revised Loans and/or Commitments, (iv) the Administrative Agent shall have received at the time of each such assignment (other than any assignment made pursuant to the primary syndication of the Total Commitment) from either the assigning or assignee Bank the payment of a nonrefundable assignment fee of \$3,500 (\$2,000 if both the assignee and assignor were existing Banks) and (v) no such assignment shall be effected if after giving effect

thereto the aggregate of Term Loans and/or Tender Offer Loans, together with Revolving Commitments held by such assignor, would be less than the Minimum Assignment Amount at such time. Assignments pursuant to this Section 11.04(b) shall not be required to be pro rata among the Commitments. To the extent of any assignment pursuant to this Section 11.04(b), the assigning Bank shall be relieved of its obligations hereunder with respect to its assigned Loans and/or Commitment.

(c) Notwithstanding any other provisions of this Section 11.04, no transfer or assignment of the interests or obligations of any Bank hereunder or any grant of participations therein shall be permitted if such transfer, assignment or grant would require the Borrower to file a registration

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statement or qualify an indenture with the SEC or to qualify the Loans under the "Blue Sky" laws of any State.

(d) Each Bank initially party to this Agreement hereby represents, and each Person that becomes a Bank pursuant to an assignment permitted by this Section 11.04 will, upon its becoming party to this Agreement, represent that it is a commercial lender, other financial institution or other "Accredited Investor" which makes and/or invests in loans in the ordinary course of its business and that it will make or acquire Loans for its own account in the ordinary course of such business, provided that, subject to the preceding clauses (a) and (b), the disposition of any promissory notes or other evidences of or interests in Indebtedness held by such Bank shall at all times be within its exclusive control.

11.05 No Waiver; Remedies Cumulative. No failure or delay on the part of the Administrative Agent or any Bank in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between any Credit Party and the Administrative Agent or any Bank shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or priv-

ilege hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Administrative Agent or any Bank would otherwise have. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or the Banks to any other or further action in any circumstances without notice or demand.

11.06 Payments Pro Rata. (a) The Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any Obligations, it shall, except as otherwise provided in this Agreement, distribute such payment to the Banks (other than any Bank that has consented in writing to waive its pro rata share of such payment) pro rata based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of set-off or banker's lien, by counterclaim or cross action, by the

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enforcement of any right under the Credit Documents, or otherwise) which is applicable to the payment of the principal of, or interest on, the Loans or Fees, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total of such Obligation then owed and due to such Bank bears to the total of such Obligation then owed and due to all of the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations in such amount as shall result in a proportional participation by all of the Banks in such amount, provided that if all or any portion of such excess amount is thereafter recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the ex-

tent of such recovery, but without interest.

11.07 Calculations; Computations. (a) The financial statements to be furnished to the Banks pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by the Borrower to the Banks), provided that, except as otherwise specifically provided herein, all computations determining compliance with Section 7, including definitions used therein, shall utilize accounting principles and policies in effect at the time of the preparation of, and in conformity with those used to prepare, the historical financial statements of the Borrower delivered to the Banks pursuant to Section 5.11(b). At any time the computations determining compliance with Section 7 utilize accounting principles or treatments different from those utilized in the financial statements then being furnished to the Banks pursuant to Section 6.01, such financial statements shall be accompanied by reconciliation work-sheets.

(b) All computations of (x) interest on Eurodollar Loans hereunder shall be made on the actual number of days elapsed over a year of 360 days and (y) interest on Base Rate Loan and Fees hereunder shall be made on the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

11.08 Governing Law; Submission to Jurisdiction; Venue. (a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. Any legal action or proceeding with respect to this Agreement or any other Credit Document may be brought in the courts of the State of New York or of the United States for the Southern District of New York, and, by execution and delivery of this Agreement, the Borrower hereby

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irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. The Borrower hereby irrevocably designates, ap-

points and empowers Corporation Service Company with offices on the date hereof at 4 Central Avenue, Albany, NY 12210 as their designee, appointee and agent to receive, accept and acknowledge for and on their behalf, and in respect of their property, service of any and all legal process, summons, notices and documents which may be served in any such action or proceeding. The Administrative Agent agrees to use reasonable good faith efforts to mail, by registered or certified mail, to the Borrower at its address set forth opposite its signatures below, copies of any and all legal process, summons, notices and documents mailed or delivered to Corporation Service Company in connection with the immediately preceding sentence; provided that the failure of the Borrower to receive, for any reason, copies of such correspondence shall not in any way affect the effectiveness of the delivery of any legal process, summons, notice or documents delivered to Corporation Service Company. If for any reason such designee, appointee and agent shall cease to be available to act as such, the Borrower agrees to designate a new designee, appointee and agent in New York City on the terms and for the purposes of this provision satisfactory to the Administrative Agent. The Borrower further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Borrower at its address set forth opposite its signatures below, such service to become effective thirty days after such mailing. Nothing herein shall affect the right of the Administrative Agent, any Bank or the holder of any Note to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Borrower in any other jurisdiction.

(b) The Borrower hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Credit Document brought in the courts referred to in clause (a) above and hereby further irrevocably waive and agree not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. The Borrower further waives any right it may have to trial by jury in any court or jurisdiction, including without limitation those referred to in clause (a) above, in respect of any matter arising out of or relating to this Agreement and the other Credit Documents.

11.09 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Administrative Agent.

11.10 Effectiveness. This Agreement shall become effective on the date (the "Effective Date") on which the Borrower and each of the Banks shall have signed a copy hereof (whether the same or different copies) and shall have delivered the same to the Administrative Agent at the Notice Office of the Administrative Agent or, in the case of the Banks, shall have given to the Administrative Agent telephonic (confirmed in writing), written, telex or telecopy notice (actually received) at such office that the same has been signed and mailed to it. The Administrative Agent will give the Borrower and each Bank prompt written notice of the occurrence of the Effective Date.

11.11 Headings Descriptive. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

11.12 Amendment or Waiver. Neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Borrower and the Required Banks (or the Two Thirds Banks if such change or waive is to Section 2.03(g) or Section 3.02(A)(b)) provided that no such change, waiver, discharge or termination shall, without the consent of each Bank affected thereby, (i) extend the final scheduled maturity of any Loan or Note (it being understood that any waiver of an installment on, the application of any prepayment or the method of application of any prepayment to the amortization of the Loans shall not constitute an extension of the final maturity date), or reduce the rate or extend the time of payment of interest (other than as a result of waiving the applicability of any post-default increase in interest rates or interest on unpaid interest) or Fees thereon, or reduce the amount thereof, or increase the Commitments of any Bank over the amount thereof then in effect (it being understood that a waiver of any Default or Event of

Default or of a mandatory reduction in the Total Commitment (or any component thereof) or mandatory prepayment, shall not constitute a change in the terms of any Commitment of any Bank), (ii) amend, modify or waive any provision of this Section, or Section 8.01, 10.07, 11.01, 11.02, 11.04, 11.06 or 11.07(b),

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(iii) reduce the percentage specified in the definition of Required Banks or (iv) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under any Credit Document. No provision of Section 10 may be amended without the consent of the Administrative Agent.

11.13 Survival. All indemnities set forth herein including, without limitation, in Section 1.09, 1.10, 3.04, 10.07 or 11.01 shall survive the execution and delivery of this Agreement and the making and repayment of the Loans and the satisfaction of all other Obligations.

11.14 Domicile of Loans. Each Bank may transfer and carry its Loans at, to or for the account of any branch office, subsidiary or affiliate of such Bank, provided that the Borrower shall not be responsible for costs arising under Section 1.09, 1.10, or 3.04 resulting from any such transfer to the extent not otherwise applicable to such Bank prior to such transfer.

11.15 Confidentiality. Each Bank shall hold all non-public information obtained pursuant to the requirements of this Agreement which has been identified as such by the Borrower in accordance with its customary procedure for handling confidential information of this nature and in accordance with safe and sound banking practices and in any event may make disclosure reasonably required by any bona fide transferee or participant in connection with the contemplated transfer of any Loans or participation therein or as required or requested by any governmental agency or representative thereof or pursuant to legal process; provided, that unless specifically prohibited by applicable law or court order, each Bank shall notify the Borrower of any request by any governmental agency or represen-

tative thereof (other than any such request in connection with an examination of the financial condition of such Bank by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information; and provided further, that in no event shall any Bank be obligated or required to return any materials furnished the Borrower or any Subsidiary. Each Bank agrees that it will not provide to prospective assignees, transferees or participants any of such confidential information unless such Person has executed an agreement containing provisions substantially identical to those contained in this Section 11.15.

* * *

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IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

QVC NETWORK, INC.

By /s/ William F. Costello
Title: Executive Vice President
and Chief Financial
Officer

CHEMICAL BANK
Individually, as
Co-Arranger and as
Administrative Agent

By /s/ Joseph A. Coneeny
Title: Managing Director

THE BANK OF NOVA SCOTIA
Individually and as
Co-Arranger

By /s/ James N. Tryforos
Title: Authorized Signatory

BARCLAYS BANK PLC
Individually and as
Co-Arranger

By /s/ Andrew M. Wynn
Title: Director

By /s/ Craig J. Lewis
Title: Associate

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LTCB TRUST COMPANY,
Individually and as
Co-Arranger

By /s/ Fumi Kamoshida
Title: Senior Vice President

NATIONSBANK OF TEXAS, N.A.,
Individually and as

Co-Arranger

By /s/ Thomas E. Carter
Title: Senior Vice President

TORONTO DOMINION (TEXAS),
INC., Individually and as
Co-Arranger

By /s/ C.A. Clause
Title: Vice President