

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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FILER

WALT DISNEY CO/

CIK: **1001039** | IRS No.: **954545390** | State of Incorporation: **DE** | Fiscal Year End: **0930**
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended September 30, 1996

Commission File Number 1-
11605

[LOGO OF THE WALT DISNEY COMPANY]

Incorporated in Delaware
500 South Buena Vista Street, Burbank, California 91521
(818) 560-1000

I.R.S. Employer
Identification No.
95-4545390

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class -----	Name of Each Exchange on Which Registered -----
Common Stock, \$.01 par value	New York Stock Exchange Pacific Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Rule 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of November 30, 1996, the aggregate market value of registrant's common stock held by non-affiliates (based on the closing price on such date as reported on the New York Stock Exchange-Composite Transactions) was \$49.1 billion. All executive officers and directors of registrant and all persons filing a Schedule 13D with the Securities and Exchange Commission in respect to registrant's common stock have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

There were 675,098,522 shares of common stock outstanding as of December 12, 1996.

Documents Incorporated by Reference

Certain information required for Part III of this report is incorporated herein by reference to an amendment to this report on Form 10-K/A to be filed within 120 days after the end of the fiscal year covered by this report.

PART I

ITEM 1. BUSINESS

The Walt Disney Company, together with its subsidiaries, is a diversified international entertainment company with operations in three business segments: Creative Content, Broadcasting and Theme Parks and Resorts. Information on revenues, operating income, identifiable assets and supplemental revenue of the Company's business segments appears in Note 11 of the Notes to Consolidated Financial Statements included in Item 8 hereof. The Company employs approximately 100,000 people.

On February 9, 1996, the Company completed its acquisition of Capital Cities/ABC, Inc. ("ABC"). Information on the acquisition appears in Note 2 of the Notes to Consolidated Financial Statements included in Item 8 hereof. As a result of the acquisition, a new parent company, with the name "The Walt Disney Company," replaced the old parent company of the same name. For convenience, the term "Company" is used in this report to refer to both the old and the new parent company. Unless the context otherwise requires, the term is also used to refer collectively to the parent company and the subsidiaries through which its various businesses are actually conducted.

BUSINESS SYNERGY

The Company's three different operating segments market the Company's trademarks, characters, products and services as part of a cohesive effort to generate stockholder value through synergy.

The Creative Content segment produces live-action and animated motion pictures, television programs and musical recordings, licenses the Company's characters and other intellectual property for use in connection with merchandise and publications, and publishes books and magazines. Within the segment, films and characters are often promoted through the release of audiocassettes and compact discs, children's books and magazines. In addition, television programs have been created that contain characters originated in animated films. Character merchandising and publications licensing promote the Company's films and television programs, as well as the Company's other operations. The Company also operates the Disney Stores, which are direct retail distribution outlets for products based on the Company's characters and films. The Company is also engaged directly in the home video and television distribution of its film and television library.

The Company's other operations benefit substantially from the Creative Content segment, and those operations in turn promote the Company's films, television programs and merchandise. The products and services of the Creative Content segment often contain elements highlighting the Company's theme parks and resorts, and the theme parks and resorts will often promote recent

releases of motion pictures through parades, stage shows and other attractions.

In keeping with its pursuit of business synergy, the Company recently moved into the development of multimedia technologies, including interactive software, interactive television and video ventures. The Company's interactive software is primarily oriented toward children, and includes characters from the Company's animated films and television programs. The Company is also expanding into the cruise line business, with two ships scheduled to be launched in 1998. The Company anticipates promoting the cruise line business by incorporating the Company's characters, themes from live-action and animated motion pictures, film and stage entertainment into the cruise experience, and by packaging cruises with visits to the Walt Disney World Resort.

In addition to the value generated through synergy, the Company believes its operating segments benefit substantially from the Company's reputation in the entertainment industry for commitment to excellent quality in all of its products and services.

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CREATIVE CONTENT

The Company is an industry leader in producing and acquiring live-action and animated motion pictures for distribution to the theatrical, television and home video markets, and producing original television programming for the network and first-run syndication markets. In addition, the Company also produces music recordings and live stage plays. The Company licenses the name "Walt Disney," as well as the Company's characters, visual and literary properties and songs and music, to various consumer manufacturers, retailers, show promoters and publishers throughout the world. Company subsidiaries also engage in direct retail distribution through The Disney Stores; publish domestic newspapers, technical and specialty publications; create books, magazines and comics in the United States and Europe; and produce popular music, children's audio products and computer software for all markets, as well as film and video products for the educational marketplace.

THEATRICAL FILMS

Walt Disney Pictures and Television, a subsidiary of the Company, produces and acquires live-action motion pictures that are distributed under the banners Walt Disney Pictures, Touchstone Pictures, Hollywood Pictures and Caravan Pictures. Another subsidiary, Miramax Film Corp., acquires and produces motion pictures that are primarily distributed under the Miramax banner. The Company also produces and distributes animated motion pictures under the banner Walt Disney Pictures. In addition, the Company distributes films produced or acquired by certain independent production companies.

Recently, the Company announced a new direction for its film slate, which will be phased-in over the next several years. The Company intends on producing fewer total films, but increasing its per film expenditures. Accordingly, total film expenditures are expected to approximate current

levels. During 1997, the Company will seek to distribute approximately 25 feature films under the Company's various banners and approximately 35 additional films under the Miramax banner, including several live-action family feature films, one to two full-length animated films and between 45 and 55 films targeted to teenagers and adults. In addition, the Company periodically reissues previously released animated films. As of September 30, 1996, the Company had released 427 full-length live-action features (primarily color), 34 full-length animated color features and approximately 554 cartoon shorts.

The Company distributes and markets its filmed products principally through its own distribution and marketing companies in the United States and major foreign markets.

HOME VIDEO

The Company directly distributes home video releases from each of its banners in the domestic market. In the international market, the Company distributes both directly and through foreign distribution companies. In addition, the Company acquires and produces original programming for direct-to-video release. As of September 30, 1996, approximately 834 produced and acquired titles, including 437 feature films and 397 cartoon shorts and animated features, were available to the domestic marketplace. Approximately 881 produced and acquired titles, including 462 feature films and 419 cartoon shorts and animated features, were available to the international home entertainment market.

TELEVISION PRODUCTION AND DISTRIBUTION

The Company develops, produces and distributes television programming for broadcasters, cable and satellite operators, including the major television networks, The Disney Channel, A&E Television Networks and Lifetime Television under the Buena Vista Television, Touchstone Television and Walt Disney Television labels. Program development is carried out in collaboration with a number of independent writers, producers and creative teams under various development arrangements. The Company focuses on the development, production and distribution of half-hour comedies for network prime-time broadcast, including such series as Home Improvement, Ellen and Boy Meets World. Fall 1996 releases included Dangerous Minds, Life's Work and Homeboys in Outer Space.

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Walt Disney Television currently distributes two animated cartoon series for Saturday morning: Aladdin and Timon and Pumbaa. The Company also offers a variety of prime-time specials for exhibition on network television. Additionally, the Company produces first-run animated and live-action syndicated programming. The Disney Afternoon is a two-hour block of cartoons airing five days per week, including Aladdin, Gargoyles, Darkwing Duck, Mighty Ducks, Quack Pack and Timon and Pumbaa. Live-action programming includes Live! with Regis and Kathie Lee, a daily talk show on ABC; Siskel & Ebert, a weekly motion picture review program; Disney Presents Bill Nye the Science Guy and Sing Me a Story With Belle, weekly educational programs for children.

The Company licenses the theatrical and television film library to the

domestic television syndication market. Television programs in off-network syndication include Home Improvement, Blossom, Dinosaurs, The Golden Girls and Empty Nest. Major packages of the Company's feature films and television programming have been licensed for broadcast continuing over several years.

The Company licenses television series developed for United States networks in a number of foreign markets, including Canada, France, Germany, Italy, Spain and the United Kingdom. Certain of the Company's television programs are also syndicated by the Company abroad, including The Disney Club, a weekly series that the Company produces for foreign markets. The Company's television programs are telecast regularly in many countries, including Australia, Brazil, Canada, China, France, Germany, Italy, Japan, Mexico, Spain and the United Kingdom.

The Company currently licenses its feature films for pay television on an output basis in several geographic markets, including the United Kingdom and Scandinavia, and has an arrangement with Showtime through 1997 for the United States. In 1993, the Company entered into an agreement to license to the Encore pay television service, over a multi-year period, exclusive domestic pay television rights to Miramax films beginning in 1994 and Touchstone Pictures and Hollywood Pictures films starting in 1997.

AUDIO PRODUCTS AND MUSIC PUBLISHING

The Company also produces and distributes compact discs, audiocassettes and records, consisting primarily of soundtracks for animated films and read-along products, directed at the children's market in the United States, France and the United Kingdom, and licenses the creation of similar products throughout the rest of the world. In addition, the Company commissions new music for its motion pictures, television programs and records and exploits the song copyrights created for the Company by licensing others to produce and distribute printed music, records, audiovisual devices and public performances.

Domestic retail sales of compact discs, audiocassettes and records are the largest source of revenues, while direct marketing, which utilizes catalogs, coupon packages and television, is a secondary means of distribution for the Company.

The Company's Hollywood Records subsidiary develops, produces and markets recordings from new talent across the spectrum of popular music, as well as soundtracks from certain of the Company's live-action motion pictures.

WALT DISNEY THEATRICAL PRODUCTIONS

In 1994, the Company produced a Broadway-style stage musical based on the animated feature film Beauty and the Beast. The stage adaptation is currently playing in several cities in the United States and around the world. The Company has also leased the New Amsterdam Theater in New York, and anticipates producing additional live theatre including The Lion King, scheduled to open in November 1997.

CHARACTER MERCHANDISE AND PUBLICATIONS LICENSING

The Company's worldwide licensing activities generate royalties which are usually based on a fixed percentage of the wholesale or retail selling price of the licensee's products. The Company

licenses characters based upon both traditional and newly created film properties. Character merchandise categories which have been licensed include apparel, watches, toys, gifts, housewares, stationery, sporting goods and domestic items such as sheets and towels. Publication categories which have been licensed include continuity-series books, book sets, art and picture books and magazines.

In addition to receiving licensing fees, the Company is actively involved in the development and approval of licensed merchandise and in the conceptualization, development, writing and illustration of licensed publications. The Company continually seeks to create new characters to be used in licensed products.

THE DISNEY STORES

The Company markets Disney-related products directly through its retail facilities operated under "The Disney Store" name. These facilities are generally located in leading shopping malls and similar retail complexes. The stores carry a wide variety of Disney merchandise and promote other businesses of the Company. During fiscal 1996, the Company opened 65 new stores in the United States and Canada, 19 in Europe and 17 in the Asia-Pacific area, bringing the total number to 530 as of September 30, 1996. The Company expects to open additional stores in the future in selected markets throughout the United States, as well as in Asia-Pacific, European and Latin American countries.

NEWSPAPER, TECHNICAL AND SPECIALTY PUBLISHING

Publishing operations include production of seven daily newspapers (five of which have Sunday editions); weekly community newspapers; shopping guides and real estate magazines; specialized publications that involve news and ideas for various industries; and consumer, special interest, trade and agricultural publications. The publishing group also provides research and database services.

BOOKS AND MAGAZINES

The Company also has book imprints in the United States offering books for children and adults. The Company also produces several magazines for the children and family markets as well as Discover, a general science magazine. In addition, the Company is a partner in a joint venture which produces children's books and magazines and computer software magazines in France.

DISNEY INTERACTIVE

Disney Interactive is a fully-integrated software business focused on the product development and marketing of entertainment and educational computer software and video game titles for home and school. The division's initiatives also involve the development, publication and distribution of content for narrow-band on-line services, the interactive software market, interactive television platforms, Internet web sites and other emerging technology ventures.

OTHER ACTIVITIES

The Company produces audiovisual materials for the educational market, including videocassettes and film strips. It also licenses the manufacture and sale of posters and other teaching aids. The Company markets and distributes, through various channels, animation cel art and other animation-related artwork and collectibles.

COMPETITIVE POSITION

The success of the Creative Content operations is heavily dependent upon public taste, which is unpredictable and subject to change. In addition, filmed entertainment operating results fluctuate due to the timing of theatrical and home video releases. Release dates are determined by several factors, including timing of vacation and holiday periods and competition in the market. Operating results for the licensing and retail distribution business are influenced by seasonal consumer purchasing behavior and by the timing of animated theatrical releases.

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The Company's Creative Content businesses compete with all forms of entertainment. A significant number of companies produce and/or distribute theatrical and television films, exploit products in the home video market, provide pay television programming service, sponsor live theater, and/or produce interactive software. The Company also competes to obtain creative talents, story properties, advertiser support, broadcast rights and market share, which are essential to the success of all of the Company's Creative Content businesses.

The Company competes in its character merchandising and other licensing, publishing and retail activities with other licensors, publishers and retailers of character, brand and celebrity names. Although public information is limited, the Company believes it is the largest worldwide licensor of character-based merchandise and producer/distributor of children's audio products.

The Company's newspaper publishing operations compete in their various local markets against other newspapers, and other media channels for audience and advertising revenues. Technical and specialty publications usually cover small markets, with limited competition.

BROADCASTING

TELEVISION AND RADIO NETWORKS

The Company operates the ABC Television Network, which as of September 30, 1996 had 223 primary affiliated stations operating under long-term agreements reaching 99.9% of all U.S. television households. The ABC Television Network broadcasts programs in "dayparts" and types as follows: Monday through Friday Early Morning, Daytime and Late Night, Monday through Sunday Prime Time and News, Children's and Sports. The Company also operates the ABC Radio Networks, which serve more than 122 million people weekly over approximately 2,900 affiliates as of September 30, 1996 through seven different program services, each with its own group of affiliated stations. The ABC Radio Networks also produce and distribute a number of radio program series for radio stations

nationwide.

Generally, the networks pay the cost of producing their own programs or acquiring broadcast rights from other producers for network programming and pay varying amounts of compensation to affiliated stations for broadcasting the programs and commercial announcements included therein. Substantially all revenues from network operations are derived from the sale to advertisers of time in network programs for commercial announcements. The ability to sell time for commercial announcements and the rates received are dependent on many factors, primarily the quantitative and qualitative audience that the network can deliver to the advertiser, as well as overall advertiser demand for time in the network marketplace.

TELEVISION AND RADIO STATIONS

The Company owns nine very high frequency (VHF) television stations, five of which are located in the top ten markets in the United States; one ultra high frequency (UHF) television station; eleven standard (AM) radio stations; and ten frequency modulation (FM) radio stations. All of the television stations are affiliated with the ABC Television Network, and 17 of the 21 radio stations are affiliated with the ABC Radio Networks. The Company's television stations penetrate 24% of the nation's television households, calculated using the multiple ownership rules of the Federal Communications Commission (FCC). The Company's radio stations reach more than 13 million people weekly in the top twenty United States advertising markets.

During 1996, the Company also operated KCAL-TV, an independent station in Los Angeles, California. In May 1996, the Company entered into an agreement to sell KCAL to Young Broadcasting, Inc. The sale was consummated on November 22, 1996.

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CABLE AND INTERNATIONAL BROADCAST

The Company's Cable and International Broadcast operations are principally involved in the production and distribution of cable television programming, the licensing of programming to domestic and international markets and investment in joint ventures in foreign-based television operations and television production and distribution entities. The Company owns The Disney Channel, 80% of ESPN Inc., 37.5% of the A&E Television Networks, 50% of Lifetime Entertainment Services, and has various other investments in Europe.

The Disney Channel, which has approximately 25 million domestic and 7 million international subscribers, is a cable television service. New shows developed for original use by The Disney Channel include dramatic, adventure, comedy and educational series, as well as documentaries and first-run television movies. In addition, entertainment specials include shows originating from both the Walt Disney World Resort(R) and Disneyland Park(R). The balance of the programming consists of products acquired from third parties and products from the Company's theatrical film and television programming library. The Disney Channel Taiwan premiered in March 1995, followed by the launch of The Disney Channel U.K. in October 1995. The Company began broadcasting The Disney Channel Australia in 1996, expects to launch The Disney Channel in France and the Middle East in 1997, and is exploring the

development of The Disney Channel in other countries around the world.

ESPN Inc. operates ESPN, a cable sports programming service reaching 70 million subscribers domestically and 105 million subscribers in 160 countries internationally, and ESPN2, which reaches 38 million domestic subscribers. ESPN also owns 33% of Eurosport, a pan-European satellite-delivered cable and direct-to-home sports programming service, and 20% of Japan Sports Network, a sports cable channel. ESPNews, a 24-hour sports news cable channel, was launched in fall 1996, and ESPN Asia and Star Sports have formed a joint venture for delivery of sports programming throughout most of Asia.

The A&E Television Network is a cable programming service devoted to cultural and entertainment programming reaching 68 million subscribers. The History Channel, which is owned by A&E, reaches 22 million subscribers.

Lifetime Entertainment Services owns Lifetime Television, which reaches 66 million cable subscribers and is devoted to women's lifestyle programming.

The Company has affiliated European operations including (i) Tele-Munchen Fernseh GmbH & Co., a 50%-owned television and theatrical production/distribution company based in Munich, Germany, which also has interests in cinemas, (ii) RTL 2 Fernseh GmbH & Co., a 23%-owned general entertainment commercial broadcasting company, also based in Munich, reaching 28 million households, (iii) TM3 Fernseh GmbH & Co. KG, a 37.5%-owned women-oriented commercial broadcasting company reaching 17 million households, also based in Munich, (iv) RTL Disney Fernseh GmbH & Co. KG ("Super RTL"), a 50%-owned German family entertainment commercial broadcasting company reaching 18 million households and (v) Scandinavian Broadcasting System SA, a 23%-owned company based in Luxembourg with interests in television and radio stations, satellite-delivered cable and direct-to-home programming services and television production, serving various European countries and reaching 13 million households.

The Company's share of the financial results of the cable and international broadcast services, other than The Disney Channel and ESPN Inc., are reported under the heading "Corporate Activities and Other" in the Company's consolidated statements of income.

COMPETITIVE POSITION

The ABC Television Network, The Disney Channel, ESPN and other broadcasting affiliates compete for viewers with the other television networks, independent television stations, other video media such as cable television, multipoint distribution services ("MDS," which employ non-broadcast frequencies to transmit subscription television services to individual homes and businesses), direct

broadcast services, satellite television program services and videocassettes. In the sale of advertising time, the broadcasting operations compete with other television networks, independent television stations, suppliers of cable television programs and other advertising media such as newspapers, magazines and billboards. Substantial competition also exists for exclusive broadcasting

rights for television programs. The ABC Radio Networks likewise compete with other radio networks and radio programming services, independent radio stations and other advertising media.

The Company's television and radio stations are in competition with other television and radio stations, cable television systems, MDS, direct broadcast services, satellite television program services, videocassettes and other advertising media such as newspapers, magazines and billboards. Such competition occurs primarily in individual market areas. Generally, a television station in one market does not compete directly with other stations in other market areas. Nor does a group of stations, such as those owned by the Company, compete with any other group of stations as such. While the pattern of competition in the radio station industry is basically the same, it is not uncommon for radio stations outside of a market area to place a signal of sufficient strength within that area (particularly during nighttime hours) to gain a share of the audience. However, they generally do not realize significantly increased advertising revenues as a result.

The Company's television and radio broadcasting operations are under the jurisdiction of the FCC. Under the Communications Act of 1934, as amended (the "Communications Act"), the FCC is empowered to issue, revoke or modify broadcasting licenses, determine the location of stations, regulate the equipment used by stations, adopt regulations to carry out the provisions of the Communications Act and impose certain penalties for violation of its regulations.

FCC regulations also restrict the ownership of stations and cable operations in certain circumstances, and regulate the practices of network broadcasters, cable providers and competing services. Such laws and regulations are subject to change, and the Company generally cannot predict whether new legislation or regulations, or a change in the extent of application or enforcement of current laws and regulations, would have an adverse impact on the Company's operations.

THEME PARKS AND RESORTS

The Company operates the Walt Disney World Resort in Florida and the Disneyland Park and two hotels in California. The Company also earns royalties on revenues generated by the Tokyo Disneyland(R) theme park and has an equity interest in Disneyland Paris.

WALT DISNEY WORLD RESORT

The Walt Disney World Resort is located on approximately 30,500 acres of land owned by Company subsidiaries 15 miles southwest of Orlando, Florida. The resort includes three theme parks (the Magic Kingdom, Epcot and the Disney-MGM Studios), hotels and villas, an entertainment complex, a shopping village, conference centers, campgrounds, golf courses, water parks and other recreational facilities designed to attract visitors for an extended stay. A fourth theme park, Disney's Animal Kingdom featuring live animals in natural habitats, is currently under construction and scheduled to open in spring 1998.

The Company markets the entire Walt Disney World Resort through a variety of national, international and local advertising and promotional activities. The

Walt Disney World Resort began celebrating its 25th Anniversary in October 1996 with a series of promotional and special events. A number of attractions in each of the theme parks are sponsored by corporate participants through long-term participation agreements.

MAGIC KINGDOM - The Magic Kingdom, which opened in 1971, consists of seven principal areas: Main Street U.S.A., Liberty Square, Frontierland, New Tomorrowland, Fantasyland, Adventureland and Toontown Fair. These areas feature themed rides and attractions, restaurants, refreshment stands and merchandise shops.

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EPCOT - Epcot, which opened in 1982, consists of two major themed areas: Future World and World Showcase. Future World dramatizes certain historical developments and addresses the challenges facing the world today through major pavilions devoted to high-tech products of the future ("Innoventions"), communication and technological exhibitions ("Spaceship Earth"), and energy, transportation, imagination, life and health, the land and seas. World Showcase presents a community of nations focusing on the culture, traditions and accomplishments of people around the world. World Showcase includes as a central showpiece the American Adventure pavilion, which highlights the history of the American people. Other nations represented are Canada, China, France, Germany, Italy, Japan, Mexico, Morocco, Norway and the United Kingdom. Both areas feature themed rides and attractions, restaurants and merchandise shops.

DISNEY-MGM STUDIOS - The Disney-MGM Studios, which opened in 1989, consists of a theme park, an animation studio and a film and television production facility. The complex park centers around Hollywood as it was during the 1930's and 1940's and features Disney animators at work and a backstage tour of the film and television production facilities in addition to themed food service and merchandise facilities and other attractions. The production facility consists of three sound stages, merchandise shops and a back lot area and currently hosts both feature film and television productions.

RESORT FACILITIES - As of September 30, 1996, the Company owned and operated 12 resort hotels and a complex of villas and suites at the Walt Disney World Resort, with a total of approximately 14,700 rooms. The Disney Institute, a resort offering participatory programs and life-enriching experiences, opened in 1996, as did Disney's BoardWalk Hotel with 378 luxury rooms. In addition, Disney's Fort Wilderness camping and recreational area offers approximately 1,200 campsites and wilderness homes. Several of the resort hotels also contain conference centers and related facilities.

Recreational activities available at the resort facilities include five championship golf courses, miniature golf courses, an animal sanctuary, tennis, sailing, water skiing, swimming, horseback riding and a number of noncompetitive sports and leisure time activities. The Company also operates three water parks: Blizzard Beach, River Country and Typhoon Lagoon.

The Company has also developed a shopping facility and entertainment complex to be known as Downtown Disney, which consists of the Disney Village

Marketplace and Pleasure Island. The Disney Village Marketplace is home to the 50,000-square-foot World of Disney, which opened in October 1996 and is the largest Disney retail store in the world. Pleasure Island, an entertainment center adjacent to the Disney Village Marketplace, includes restaurants, night clubs and shopping facilities. These shopping and entertainment facilities are currently under significant expansion. The newly expanded property will be situated on 66 acres on the west side of Pleasure Island and will include multiple third party arrangements such as the House of Blues, a New Orleans-style restaurant and live entertainment facility; Wolfgang Puck's Cafe, a California cuisine restaurant; Virgin Records Megastore, a state-of-the-art music, video and book showplace; Cirque du Soleil, a high energy acrobatics and modern dance show; Bongos Cuban Cafe, a cafe/night club; and an AMC theater complex, which will become the largest theater complex in Florida.

Currently under development are Celebration, a 4,900-acre town; Disney Cruise Line, a cruise vacation line that will include two 85,000 ton ships; Disney's Coronado Springs Resort, a facility designed to serve the moderately priced hotel/convention market; and Disney's Wide World of Sports, a sports complex featuring professional and amateur sporting events.

At the Disney Village Marketplace Hotel Plaza, seven independently operated hotels are situated on property leased from the Company. These hotels have a capacity of approximately 3,700 rooms. Additionally, two hotels--the Walt Disney World Swan and the Walt Disney World Dolphin, with an aggregate capacity of approximately 2,300 rooms--are independently operated on property leased from the Company near Epcot. Another hotel, the 288-room Shades of Green on Walt Disney World Resort, is leased from the Company and operated by a non-profit organization as an armed forces recreation center.

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DISNEYLAND

The Company owns 330 acres and has under long-term lease an additional 39 acres of land in Anaheim, California. Disneyland, which opened in 1955, consists of eight principal areas: Toontown, Fantasyland, Adventureland, Frontierland, Tomorrowland, New Orleans Square, Main Street and Critter Country. These areas feature themed rides and attractions, restaurants, refreshment stands and merchandise shops. A number of the Disneyland attractions are sponsored by corporate participants. The Company markets Disneyland through national and local advertising and promotional activities. The Company also owns and operates the 1,100-room Disneyland Hotel and the 500-room Disneyland Pacific Hotel.

The Company has received approval from the city of Anaheim to construct a new theme park, Disney's California Adventure. The new theme park will be constructed on the existing Disneyland parking lot and property adjacent to the park. Disney's California Adventure will celebrate the many attributes of the state of California and will feature Disneyland Center, a themed complex of shopping, dining, and entertainment venues; the Grand Californian, a deluxe 750-room hotel located inside the park; and an assortment of "California" themed areas with associated rides and attractions.

DISNEY VACATION CLUB

In 1995, the Company completed the 497-unit Disney Old Key West Resort at the Walt Disney World Resort. In addition, 175 units in Vero Beach, Florida opened in October 1995, and 102 units on Hilton Head Island, South Carolina, and 383 villas located at Disney's BoardWalk Resort opened in 1996. Available units at each facility are intended to be sold under a vacation ownership plan and operated partially as rental property until the units are sold.

DISNEY REGIONAL ENTERTAINMENT

The Company is developing a variety of entertainment-based initiatives to open in various parts of the United States and abroad. These businesses will include sports concepts, interactive entertainment centers, children's play centers and other operations that use Disney's creative entertainment talents and the popularity of the Disney brand.

Beginning in February 1997, the Company will be opening Club Disney, the first regional entertainment operation, in select suburban markets. Club Disney is a play environment oriented toward children under 10 and their parents. The first store in Thousand Oaks, California, will include a three-story Jungle Climber, a game area, the Pooh N You Hundred Acre Wood-themed play area, Curiosity Castle, the Starring You Studio and other attractions. Entrance to the property will be priced comparably with the cost of admission to a movie theater. The property will also have a cafe, a unique retail store and party rooms with different themes for birthdays and other special occasions.

TOKYO DISNEYLAND

The Company earns royalties on revenues generated by the Tokyo Disneyland theme park, which is owned and operated by Oriental Land Co., Ltd. (OLC), an unrelated Japanese corporation. The park, which opened in 1983, is similar in size and concept to Disneyland and is located approximately six miles from downtown Tokyo, Japan.

The Company and OLC have concluded a joint study of the basic design concept for a theme park and associated hotel adjacent to Tokyo Disneyland. The schematic design and design development stages for Tokyo DisneySea are expected to continue until late 1997, at which time OLC will make a final decision whether to commence construction.

In addition, the Company and OLC have reached agreement on the construction of a 500 room Disney-branded hotel to be built near Tokyo Disneyland.

DISNEYLAND PARIS

Disneyland Paris is located on a 4,800-acre site at Marne-la-Valle, approximately 20 miles east of Paris, France. The theme park, which opened in April 1992, features 42 attractions in its five themed

lands. Seven themed hotels, with a total of approximately 5,800 rooms, are part of the resort complex, together with an entertainment center offering a variety of retail, dining and show facilities. The project has been developed pursuant to a 1987 master agreement with French governmental authorities by Euro Disney S.C.A., a publicly held French company in which the Company holds a 39% equity

interest and which is managed by a subsidiary of the Company. The financial results of the Company's investment in Euro Disney are reported under the heading "Corporate Activities and Other" in the Company's consolidated statements of income.

WALT DISNEY IMAGINEERING

Walt Disney Imagineering provides master planning, real estate development, attraction and show design, engineering support, production support, project management and other development services for the Company's operations.

ANAHEIM SPORTS, INC.

The Company owns and operates a National Hockey League franchise, the Mighty Ducks of Anaheim. In addition, a subsidiary of the Company serves as general partner of the Anaheim Angels (formerly the California Angels), a Major League Baseball team.

COMPETITIVE POSITION

All of the theme parks and most of the associated resort facilities are operated on a year-round basis. Historically, the theme parks and resorts business experiences fluctuations in park attendance and resort occupancy resulting from the nature of vacation travel. Peak attendance and resort occupancy generally occur during the summer months when school vacations occur and during early-winter and spring holiday periods.

The Company's theme parks and resorts compete with all other forms of entertainment, lodging, tourism and recreational activities. The profitability of the leisure-time industry is influenced by various factors which are not directly controllable, such as economic conditions, amount of available leisure time, oil and transportation prices and weather patterns.

ITEM 2. PROPERTIES

The Walt Disney World Resort, Disneyland Park and other properties of the Company and its subsidiaries are described in Item 1 under the caption Theme Parks and Resorts. Film library properties are described in Item 1 under the caption Creative Content.

A subsidiary of the Company owns approximately 51 acres of land in Burbank, California on which the Company's studios and executive offices are located. The studio facilities are used for the production of both live-action and animated motion pictures and television products. In addition, Company subsidiaries lease office and warehouse space for certain studio and corporate activities.

The Company's Broadcasting segment corporate offices are located in a Company-owned building at 77 West 66th Street in New York City. The Company also owns the ABC Television Center adjacent to the building and ABC Radio Networks' studios at 125 West End Avenue in New York City.

Subsidiaries of the Company own the ABC Television Center and lease the ABC Television Network offices in Los Angeles, the ABC News Bureau facility in Washington, DC and a computer facility in Hackensack, New Jersey, under leases expiring on various dates through 2034. The Company's broadcast operations and engineering facility and local television studios and offices in New York City

are leased, but the Company has the right to acquire such properties for a nominal sum in 1997. The Company's 80%-owned subsidiary ESPN owns ESPN Plaza in Bristol, Connecticut, from which it conducts its technical operations. The Company owns the majority of its other broadcast studios and offices and broadcast transmitter sites elsewhere, and those which it does not own are occupied under leases expiring on various dates through 2039.

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A U.K. subsidiary of the Company owns buildings on a four-acre parcel under long-term lease in London, England. The mixed-use development consists of 143,000 square feet of office space occupied by subsidiary operations, a 27,000 square foot building leased to a third party and 65,000 square feet of retail space.

Various Company subsidiaries own and lease executive, editorial and other offices and facilities used by the publishing operation in various cities. For leased properties, the leases expire on various dates through 2006. All of the significant premises occupied by the newspapers are owned by Company subsidiaries.

The Company's Disney Store unit also leases retail space for the Disney Stores in shopping malls and similar retail complexes worldwide.

It is the Company's practice to obtain United States and foreign legal protection for its theatrical and television product and its other original works, including the various names and designs of the animated characters and the publications and music which have been created in connection with the Company's filmed products. The Company owns all rights to the name, likeness and portrait of Walt Disney.

ITEM 3. LEGAL PROCEEDINGS

The Company, together with, in some instances, certain of its directors and officers, is a defendant or co-defendant in various legal actions involving copyright, breach of contract and various other claims incident to the conduct of its businesses. Management does not expect the Company to suffer any material liability by reason of such actions.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of stockholders during the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are elected each year at the organizational meeting of the Board of Directors which follows the annual meeting of the stockholders and at other meetings as appropriate. Each of the executive officers has been employed by the Company in the position or

positions indicated in the list and pertinent notes below. Messrs. Eisner, Disney and Murphy have been employed by the Company as executive officers for more than five years.

At September 30, 1996, the executive officers were as follows:

<TABLE>

<CAPTION>

Name	Age	Title	Executive Officer Since
Michael D. Eisner	54	Chairman of the Board and Chief Executive Officer	1984
Michael S. Ovitz	49	President /1/	1995
Roy E. Disney	66	Vice Chairman of the Board	1984
Sanford M. Litvack	60	Senior Executive Vice President and Chief of Corporate Operations	1991
Richard D. Nanula	36	Senior Executive Vice President and Chief Financial Officer /2/	1996
John F. Cooke	54	Executive Vice President-Corporate Affairs /3/	1995
Lawrence P. Murphy	44	Executive Vice President and Chief Strategic Officer and Chairman of Disney Cruise Lines	1985

</TABLE>

/1/ On October 2, 1995, Mr. Michael Ovitz joined the Company and assumed the position of President. Mr. Ovitz co-founded and served as chairman of Creative Artists Agency from 1975 until 1995. On December 12, 1996, the Company announced that Mr. Ovitz will leave the Company effective January 31, 1997.

/2/ Mr. Nanula joined the Company's strategic planning operation in 1986 and was named Vice President-Treasurer of the Company in January 1990. He was named Senior Vice President and Chief Financial Officer in August 1991, Executive Vice President in February 1994 and President of The Disney Stores, Inc. in November 1994, where he served until assuming his present position in February 1996.

/3/ Mr. Cooke served as President of the The Disney Channel from 1985 until assuming his present position in February 1995.

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PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's common stock is listed on the New York and Pacific stock exchanges (NYSE symbol DIS). The following sets forth the high and low

composite sale prices for the fiscal periods indicated.

<TABLE>
<CAPTION>

	Sales Price	
	High	Low
<S>	<C>	<C>
1996		
4th Quarter.....	\$63 5/8	\$53 3/8
3rd Quarter.....	65 5/8	58 1/4
2nd Quarter.....	69 3/4	59 1/2
1st Quarter.....	62 7/8	55 3/8
1995		
4th Quarter.....	62 3/4	50 1/2
3rd Quarter.....	60	52 7/8
2nd Quarter.....	56 1/4	45
1st Quarter.....	46 7/8	37 3/4

</TABLE>

The Company declared a first quarter dividend of \$.09 per share and three subsequent quarterly dividends of \$.11 per share in 1996, and in 1995, declared a first quarter dividend of \$.075 per share and three subsequent quarterly dividends of \$.09 per share.

As of September 30, 1996, the approximate number of record holders of the Company's common stock was 564,000.

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ITEM 6. SELECTED FINANCIAL DATA

(In millions, except per share data)

<TABLE>
<CAPTION>

	1996 (1), (2)	1995	1994	1993 (3)	1992
<S>	<C>	<C>	<C>	<C>	<C>
Statements of Income					
Revenues	\$ 18,739	\$12,151	\$10,090	\$ 8,531	\$ 7,504
Operating income	3,033	2,466	1,972	1,722	1,435
Income before cumulative effect of accounting changes	1,214	1,380	1,110	671	817
Cumulative effect of accounting changes	--	--	--	(371)	--
Net income	1,214	1,380	1,110	300	817
Per Share					
Earnings before cumulative effect of accounting changes	\$ 1.96	\$ 2.60	\$ 2.04	\$ 1.23	\$ 1.52
Cumulative effect of accounting changes	--	--	--	(.68)	--
Earnings	1.96	2.60	2.04	.55	1.52

Dividends	.42	.35	.29	.24	.20
Balance Sheets					
Total assets	\$ 37,306	\$14,606	\$12,826	\$11,751	\$10,862
Borrowings	12,342	2,984	2,937	2,386	2,222
Stockholders' equity	16,086	6,651	5,508	5,031	4,705
Statements of Cash Flows					
Cash flow from operations	\$ 4,625	\$ 3,510	\$ 2,808	\$ 2,145	\$ 1,838
Investing activities	(13,464)	(2,288)	(2,887)	(2,660)	(1,924)
Financing activities	8,040	(332)	(97)	113	(36)

</TABLE>

- (1) These amounts reflect the impact of the acquisition of ABC. See Note 2 to the Consolidated Financial Statements.
- (2) 1996 results include a \$300 million non-cash charge pertaining to the implementation of SFAS 121 Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, and a \$225 million charge for costs related to the acquisition of ABC. The earnings per share impacts of these charges were \$.30 and \$.22, respectively. See Notes 2 and 11 to the Consolidated Financial Statements.
- (3) In 1993, the Company changed its accounting policy for project-related pre-opening costs, adopted SFAS 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" and adopted SFAS 109 "Accounting for Income Taxes." The cumulative effect of these accounting changes on the 1993 results follows.

<TABLE>

<CAPTION>

	Net income	Earnings per share
	-----	-----
<S>	<C>	<C>
Expense pre-opening costs as incurred	\$ (271)	\$ (.50)
Adopt SFAS 106	(130)	(.24)
Adopt SFAS 109	30	.06
	-----	-----
	\$ (371)	\$ (.68)
	=====	=====

</TABLE>

Operating and net income for 1993 also reflect a \$350 million charge to fully reserve the Company's outstanding receivables from Euro Disney and the Company's commitment to help fund Euro Disney for a limited period. The earnings per share impact of the charge, net of income tax benefit, was \$.64.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

On February 9, 1996, the Company acquired Capital Cities/ABC, Inc. ("ABC"). The Company's results of operations have incorporated ABC's activity since

that date. To enhance comparability, certain information below is presented on a "pro forma" basis and reflects the acquisition of ABC as though it had occurred at the beginning of the respective periods presented. The pro forma results are not necessarily indicative of the combined results that would have occurred had the acquisition actually occurred at the beginning of those periods.

CONSOLIDATED RESULTS
(in millions, except per share data)

<TABLE>
<CAPTION>

	PRO FORMA (unaudited)		AS REPORTED		
	1996	1995	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Creative Content	\$10,505	\$ 8,984	\$10,095	\$ 7,736	\$ 6,232
Broadcasting	6,231	5,964	4,142	414	359
Theme Parks & Resorts	4,502	4,001	4,502	4,001	3,499
	-----	-----	-----	-----	-----
Total	\$21,238	\$18,949	\$18,739	\$12,151	\$10,090
	=====	=====	=====	=====	=====
Operating Income: (1)					
Creative Content	\$ 1,612	\$ 1,618	\$ 1,596	\$ 1,531	\$ 1,205
Broadcasting	1,062	948	747	76	77
Theme Parks & Resorts	990	859	990	859	690
Accounting Change	(300)	--	(300)	--	--
	-----	-----	-----	-----	-----
Total	3,364	3,425	3,033	2,466	1,972
Corporate Activities and Other	(249)	(255)	(309)	(239)	(279)
Net Interest (Expense) Income	(698)	(775)	(438)	(110)	10
Acquisition-related Costs	--	--	(225)	--	--
	-----	-----	-----	-----	-----
Income Before Income Taxes	2,417	2,395	2,061	2,117	1,703
Income Taxes	(1,067)	(1,069)	(847)	(737)	(593)
	=====	=====	=====	=====	=====
Net Income	\$ 1,350	\$ 1,326	\$ 1,214	\$ 1,380	\$ 1,110
	=====	=====	=====	=====	=====
Earnings Per Share	\$ 1.96	\$ 1.94	\$ 1.96	\$ 2.60	\$ 2.04
	=====	=====	=====	=====	=====
Net Income Excluding Non-recurring Charges (2)	\$ 1,533	\$ 1,326	\$ 1,534	\$ 1,380	\$ 1,110
	=====	=====	=====	=====	=====
Earnings Per Share Excluding Non-recurring Charges (2)	\$ 2.23	\$ 1.94	\$ 2.48	\$ 2.60	\$ 2.04
	=====	=====	=====	=====	=====
Amortization of Intangible Assets Included in Operating Income	\$ 457	\$ 457	\$ 301	\$ --	\$ --
	=====	=====	=====	=====	=====
Average Number of Common and					

Common Equivalent Shares Outstanding	689	685	619	530	545
	=====	=====	=====	=====	=====

(1) Includes depreciation and amortization (excluding film cost) of:					
Creative Content	\$ 198	\$ 167	\$ 186	\$ 107	\$ 80
Broadcasting	534	523	387	8	7
Theme Parks & Resorts	358	335	358	335	289
	-----	-----	-----	-----	-----
	\$1,090	\$ 1,025	\$ 931	\$ 450	\$ 376
	=====	=====	=====	=====	=====

</TABLE>

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(2) During the second quarter of 1996, the Company recorded two non-recurring charges. The Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which resulted in the Company recognizing a \$300 million non-cash charge. In addition, the Company recognized a \$225 million charge for costs related to the acquisition of ABC. See Notes 2 and 11 to the Consolidated Financial Statements.

As a result of the acquisition, the Company has reconfigured its financial reporting segments into Creative Content, Broadcasting, and Theme Parks and Resorts. Consumer products operations, ABC's publishing operations and filmed entertainment activities not related to broadcasting have been classified as Creative Content. Operations previously reported as Filmed Entertainment that pertain to broadcasting, as well as ABC's broadcasting operations, have been classified as the Broadcasting segment. The Theme Parks and Resorts segment contains the same operations as in prior years.

The following discussion of 1996 versus 1995 performance is primarily based on pro forma results. The Company believes pro forma results represent the best comparative standard for assessing net income, changes in net income and earnings trends, as the pro forma presentation combines a full year of the results of the Company and its acquired ABC operations. The discussion of consolidated results also includes "as reported" comparisons to the extent there have been material changes in reported amounts.

The discussion of Theme Parks and Resorts segment results is on an as reported basis since the pro forma adjustments did not impact this segment.

CONSOLIDATED RESULTS

1996 VS. 1995 (PRO FORMA AND AS REPORTED)

Pro forma results for all periods and as reported results since the acquisition date reflect the impact of the acquisition of ABC, including the use of purchase accounting. Comparisons of as reported results reflect significant increases in amortization of intangible assets, interest expense, the effective income tax rate and shares outstanding arising from the

acquisition.

Pro forma revenues increased 12% to \$21.2 billion, reflecting growth in all business segments. Net income, excluding non-recurring charges, increased 16% to \$1.5 billion, and earnings per share increased 15% to \$2.23. These results were driven by increased operating income at the Theme Parks and Resorts and Broadcasting segments.

Pro forma net interest expense decreased 10% to \$698 million reflecting lower interest rates and a reduction in net borrowings (the Company's borrowings less cash and liquid investments).

As reported revenues increased 54% to \$18.7 billion, reflecting increases in all business segments and the impact of the acquisition of ABC. Net income, excluding the non-recurring charges, increased 11% to \$1.5 billion driven by increased operating income for each business segment. Earnings per share, excluding the non-recurring charges, decreased 5% to \$2.48, reflecting the impact of additional shares issued in connection with the acquisition.

As reported corporate activities and other increased 29% to \$309 million, reflecting higher corporate general and administrative costs and a \$55 million gain in the prior year related to the sale of a portion of the Company's investment in Euro Disney.

1995 VS. 1994 (AS REPORTED)

Revenues increased 20% or \$2.1 billion to \$12.2 billion in 1995, reflecting growth in Creative Content, Broadcasting and Theme Parks and Resorts revenues of \$1.5 billion, \$55 million, and \$502 million, respectively.

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Operating income rose 25% or \$494 million to \$2.5 billion in 1995, driven by increases in Creative Content and Theme Parks and Resorts operating income of \$326 million and \$169 million, respectively. Net income increased 24% to \$1.4 billion and earnings per share increased 27% to \$2.60 from \$1.1 billion and \$2.04, respectively.

Corporate activities and other expenses decreased 14% or \$40 million to \$239 million. The results for 1995 included a gain of \$55 million from the sale of approximately 75 million shares, or 20% of the Company's investment in Euro Disney, partially offset by higher corporate general and administrative expenses.

Net interest income decreased \$120 million to an expense of \$110 million in 1995. The decrease reflected both a decline in interest income driven by lower average investment balances and yields and an increase in interest expense primarily reflecting the impact of higher borrowings. The higher borrowings were due in part to prior-year common stock repurchases and Euro Disney funding, which were initiated in the latter part of 1994.

BUSINESS SEGMENT RESULTS

CREATIVE CONTENT

1996 VS. 1995 (PRO FORMA)

Revenues increased 17% or \$1.5 billion to \$10.5 billion, driven by growth of \$500 million in home video, \$274 million in theatrical, \$197 million in the Disney Stores and \$151 million in character merchandise licensing. Home video revenues reflect Pocahontas, Cinderella and The Aristocats animated titles and The Santa Clause, While You Were Sleeping and Crimson Tide live-action titles domestically, as well as The Lion King and 101 Dalmatians internationally. Theatrical revenues reflect the worldwide box office performance of Toy Story, The Rock and The Hunchback of Notre Dame, the international performance of Pocahontas and the domestic performance of Phenomenon. Revenue growth at the Disney Stores was driven by the opening of 101 new stores in 1996, bringing the total number of stores to 530. Comparable store sales declined 2%, primarily due to the strength of The Lion King merchandise in the prior year, and new stores contributed \$103 million of sales growth. Merchandise licensing revenues increased due to the strength of standard characters worldwide and the success of targeted marketing programs. Television revenues from program distribution were comparable to the prior year, reflecting the success of live-action titles in pay television, offset by the syndication sale of Home Improvement in the prior year.

Operating income remained flat at \$1.6 billion, reflecting improved results in home video and worldwide merchandise licensing offset by lower theatrical results. Costs and expenses increased 21% or \$1.5 billion. The increase is primarily due to higher theatrical distribution and home video selling costs, higher production cost amortization, expansion of the Disney Stores and the write-off of certain theatrical development projects.

1995 VS. 1994 (AS REPORTED)

Revenues increased 24% or \$1.5 billion to \$7.7 billion in 1995, driven by growth of \$605 million in worldwide home video revenues, \$340 million in television revenues, \$237 million from the Disney Stores, \$106 million in worldwide theatrical revenues and \$67 million from worldwide character merchandise licensing. Home video revenues reflected the domestic and initial international release of The Lion King and the worldwide release of Snow White and the Seven Dwarfs. Television revenues grew primarily due to the release of Home Improvement in syndication and increased availability and success of titles in pay television. Growth at the Disney Stores was driven by the opening of 105 new stores in 1995, bringing the total number of stores to 429. Comparable store sales grew 4% and sales at new stores contributed \$94 million of sales growth. Theatrical revenues reflected the domestic rerelease and expanded international release of The Lion King, the domestic release of Pocahontas and the domestic release of the live-action titles The Santa Clause, While You Were Sleeping and Pulp Fiction. Worldwide merchandise licensing growth was generated by increased demand for traditional Disney characters and recent animated film properties, principally The Lion King and Pocahontas.

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Operating income increased 27% or \$326 million to \$1.5 billion in 1995, primarily due to growth in worldwide home video, television, worldwide character merchandise licensing and the Disney Stores. Costs and expenses

increased 23% or \$1.2 billion, principally due to higher home video marketing and distribution costs reflecting the worldwide release of Snow White and the Seven Dwarfs and the domestic release of The Lion King, the ongoing expansion and revenue growth of the Disney Stores, higher distribution costs related to theatrical releases and costs associated with the syndication of Home Improvement.

BROADCASTING

1996 VS. 1995 (PRO FORMA)

Revenues increased 4% or \$267 million to \$6.2 billion, reflecting a \$309 million increase in revenues at ESPN and The Disney Channel, resulting from higher advertising revenues and affiliate fees due primarily to expansion, subscriber growth and improved advertising rates. Revenue increases were partially offset by a \$61 million decrease at the television network and stations due to the impact of ratings deterioration and the absence of the Super Bowl in the current period.

Operating income increased 12% or \$114 million to \$1.1 billion, reflecting decreased costs and expenses at the television network, revenue increases at ESPN and The Disney Channel and lower program write-offs at KCAL. Costs and expenses increased 3% or \$153 million, reflecting increased program rights and production costs driven by growth at ESPN and The Disney Channel internationally, partially offset by significantly decreased program amortization at the television network, primarily attributable to the acquisition, and lower program write-offs at KCAL.

1995 VS. 1994 (AS REPORTED)

The results reported in each year were not material, and reflected the Company's broadcasting operations prior to the acquisition of ABC.

THEME PARKS AND RESORTS

1996 VS. 1995

Revenues increased 13% or \$501 million to \$4.5 billion, reflecting growth of \$191 million due to record theme park attendance, \$148 million from greater guest spending, and \$52 million due to increased occupied rooms, primarily at Florida resorts. Record theme park attendance at both the Walt Disney World Resort and Disneyland Park in 1996 reflected growth in domestic and international tourist visitation. Increased guest spending resulted from higher admission prices, increased sales of food and beverages due to pricing and expanded locations, and higher room rates at hotel and resort properties. The increase in occupied rooms in Florida resulted from higher occupancy and a complete year of operations at Disney's All-Star Music Resort, which opened in phases during 1995. Occupied rooms also increased due to the opening of Disney's BoardWalk Resort in June 1996.

Fiscal 1996 operating income increased 15% or \$131 million to \$990 million, resulting primarily from higher theme park attendance, increased guest spending and increased occupied rooms at Florida resorts. Costs and expenses, which consist principally of labor, costs of merchandise, food and beverages sold, depreciation, repairs and maintenance, entertainment and marketing and sales expenses, increased 12% or \$370 million, primarily due to increased operating hours in response to higher attendance, expansion of theme park

attractions and resorts, increased marketing and sales expenses and increased costs associated with higher guest spending and increased occupied rooms.

1995 VS. 1994

Revenues increased 14% or \$502 million to \$4.0 billion, driven by growth of \$288 million from higher theme park attendance in Florida and California and \$127 million from an increase in occupied rooms at Florida resorts. Higher theme park attendance reflected increased domestic and international tourist visitation. The increase in occupied rooms reflected the openings of Disney's Wilderness Lodge

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and Disney's All-Star Sports Resort in the third quarter of 1994 and the phased opening of Disney's All-Star Music Resort during 1995.

Operating income increased 24% or \$169 million to \$859 million in 1995, driven by higher theme park attendance and increased occupied rooms at Florida resorts. Costs and expenses increased 12% or \$333 million, primarily due to increased attendance and occupied rooms, expansion of theme park attractions and Florida resorts and increased marketing and sales expenses, partially offset by the impact of ongoing cost reduction initiatives.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates significant cash from operations and has substantial borrowing capacity to meet its operating and discretionary spending requirements. Cash provided by operations increased 32% or \$1.1 billion to \$4.6 billion in 1996, which includes the impact of the acquisition of ABC discussed below.

Net borrowings increased \$10.6 billion to \$12.0 billion during fiscal 1996. The increase was primarily due to an increase in debt in connection with the acquisition of ABC.

In 1996, the Company invested \$3.7 billion to develop, produce and acquire rights to film and television properties and \$1.7 billion to design and develop new theme park attractions, resort properties, real estate developments and other properties. 1995 investments totaled \$1.9 billion and \$896 million, respectively.

The \$1.8 billion increased investment in film and television properties was primarily driven by ABC's television spending subsequent to the acquisition. Television expenditures in 1997 will be higher as they will reflect a full year of ABC's operations.

The \$849 million increased investment in theme parks, resorts and other properties resulted from initiatives including Disney's Animal Kingdom, Disney Cruise Line, Disney's BoardWalk Resort, Disney's Coronado Springs Resort, Disney's Wide World of Sports, and the town of Celebration. Continued spending increases related to these projects and from development of additional initiatives, including Disney's California Adventure and Downtown Disney, are anticipated through 1997.

The Company repurchased 8 million shares of its common stock for approximately \$462 million in 1996. Under its share repurchase program, the Company is authorized to purchase up to an additional 96 million shares. The Company evaluates share repurchase decisions on an ongoing basis, taking into account borrowing capacity, management's target capital structure, and other investment opportunities. The Company also used \$271 million to fund dividend payments during the year.

During the second quarter of 1996, the Company completed its acquisition of ABC. Aggregate consideration paid to ABC shareholders in March 1996 consisted of \$10.1 billion in cash and 155 million shares of Company common stock. The Company initially funded the cash portion through the issuance of approximately \$8.8 billion of commercial paper and the use of existing cash and investments. At acquisition, the Company assumed \$627 million of ABC's long-term debt.

Since the acquisition of ABC, the Company has replaced a portion of its commercial paper with longer-term financing, and expects to continue this process in the future. In the United States, the Company has issued \$275 million of medium-term notes maturing in two to fifteen years, and in the global bond market, the Company has issued \$1.3 billion of five year notes and \$1.3 billion of ten year notes. In Europe, the Company has issued 300 billion Italian lira (approximately \$190 million) of four year notes, and borrowed (Pounds)335 million (approximately \$520 million) through a private offering. In the Japanese market, the Company issued (Yen)150 billion (approximately \$1.4 billion) of three-year bonds through two public offerings. The Company has swapped the interest payable on the foreign denominated borrowings into United States dollar LIBOR.

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The Company employs a variety of on-and off-balance-sheet financial instruments to manage its exposure to changes in interest rates and fluctuations in the value of foreign currencies. The Company does not expect interest rate movements or fluctuations in the value of foreign currencies to significantly affect its liquidity in the foreseeable future. For 1996 and 1995, a 1% increase or decrease in interest rates would not have had a material impact on the Company's liquidity or operating results.

The Company currently maintains significant borrowing capacity to take advantage of growth and investment opportunities. The Company focuses on net borrowings, which take into account its cash and investment balances, when monitoring borrowing capacity. The Company's borrowing capacity includes a \$5 billion line of credit which is available for general corporate purposes and to support commercial paper issuance. The Company has the capacity to issue up to \$2.1 billion in additional debt under a U.S. shelf registration filed in March 1996, and \$1.2 billion under a Euro Medium-Term Note Program established in June 1996.

The Company sold its Los Angeles television station KCAL in November 1996 for \$387 million in cash.

The Company's financial condition remains strong. The Company believes that its cash, other liquid assets, operating cash flows and access to capital markets taken together provide adequate resources to fund ongoing operating requirements and future capital expenditures related to the expansion of existing businesses and development of new projects.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Financial Statements and Supplemental Data on page 27.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

DIRECTORS

Information regarding directors appearing under the caption ELECTION OF DIRECTORS in the Company's Proxy Statement for the 1997 Annual Meeting of Stockholders (the "1997 Proxy Statement") is hereby incorporated by reference.

Information regarding executive officers is included in Part I of this Form 10-K as permitted by General Instruction G(3).

ITEM 11. EXECUTIVE COMPENSATION

Information appearing under the captions DIRECTORS' REMUNERATION; ATTENDANCE and EXECUTIVE COMPENSATION in the 1997 Proxy Statement is hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information setting forth the security ownership of certain beneficial owners and management appearing under the caption STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS and STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS in the 1997 Proxy Statement is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain related transactions appearing under the caption RELATED TRANSACTIONS in the 1997 Proxy Statement is hereby incorporated by reference.

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PART IV

(a) Exhibits and Financial Statements and Schedules

(1) Financial Statements and Schedules

See Index to Financial Statements and Supplemental Data at page 27.

(2) Exhibits

- 3(a) Restated Certificate of Incorporation of the Company, filed as Exhibit 3(a) to the Form 8-B/A, dated January 23, 1996, is hereby incorporated by reference.
- 3(b) Amended Bylaws of the Company, dated April 22, 1996, is filed herewith.
- 4(a) Form of Registration Rights Agreement entered into or to be entered into with certain stockholders of the Company, filed as Exhibit B to Exhibit 2.1 to the Current Report on Form 8-K, dated July 31, 1995, of Disney Enterprises, Inc., is hereby incorporated by reference.
- 4(b) Rights Agreement dated as of November 8, 1995 between the Company and The Bank of New York, as rights agent, filed as Exhibit 4.2 to the Registration Statement on Form S-4, dated November 13, 1995, (No. 33-64141), is hereby incorporated by reference.
- 4(c) 364-Day Credit Agreement, dated as of October 30, 1996, among the Company, as Borrower, Citicorp USA, Inc., as Administrative Agent, Credit Suisse and Bank of America National Trust and Savings Association, as Co-Administrative Agents and the Financial Institutions named therein, is filed herewith.
- 4(d) Five-Year Credit Agreement, dated October 30, 1996, among the Company, as Borrower, Citicorp USA, Inc., as Administrative Agent, Credit Suisse and Bank of America National Trust and Savings Association, as Co-Administrative Agents and the Financial Institutions named therein, is filed herewith.
- 4(e) Indenture, dated as of November 30, 1990, between Disney Enterprises, Inc. and Bankers Trust Company, as Trustee, with respect to certain senior debt securities of the Company, filed as Exhibit 2 to the Company's Current Report on Form 8-K, dated January 14, 1991, is hereby incorporated by reference.
- 4(f) Indenture, dated as of March 7, 1996, between the Company and Citibank, N.A., as Trustee, with respect to certain senior debt securities of the Company, filed as Exhibit 4.1(a) to the Company's Current Report on Form 8-K, dated March 7, 1996, is hereby incorporated by reference.
- 4(g) Other long-term borrowing instruments issued by the Company are omitted pursuant to Item 601(b) (4) (iii) of Regulation S-K. The Company undertakes to furnish copies of such instruments to the Commission upon request.
- 10(a) (i) Agreement on the Creation and the Operation of Euro Disneyland en France, dated March 25, 1987, and (ii) Letter relating thereto of Michael D. Eisner, Chairman Disney Enterprises, Inc., dated March 24, 1987, filed as Exhibits 10(b) and 10(a), respectively, to Disney Enterprises, Inc.'s Current Report on Form 8-K dated April 24, 1987, are hereby incorporated by reference.

- 10(b) Limited Recourse Financing Facility Agreement, dated as of April 27, 1988, among Disney Enterprises, Inc., Citibank Channel Island Limited and Citicorp International, filed as Exhibit 10(a) to Disney Enterprises, Inc.'s Current Report on Form 8-K dated April 29, 1988, is hereby incorporated by reference.
- 10(c) (i) Employment Agreement, dated as of January 10, 1989, between Disney Enterprises, Inc. and Michael D. Eisner, filed as Exhibit 10(a) to Disney Enterprises, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 1989; (ii) Agreement, dated March 1, 1985, between Disney Enterprises, Inc. and Michael D. Eisner, filed as

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Exhibit 2 to Disney Enterprises, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 1985; and (iii) description of action by the Compensation Committee taken on November 30, 1990, filed as Exhibit 10(c) to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1990, are hereby incorporated by reference.

- 10(e) Employment Agreement, dated October 1, 1995, between Disney Enterprises, Inc. and Michael S. Ovitz filed as Exhibit 10(e) to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1995, is hereby incorporated by reference.
- 10(f) (i) Contract, dated December 14, 1979, with E. Cardon Walker, to purchase a 2% interest in certain motion pictures to be produced by Disney Enterprises, Inc. and to acquire an additional 2% profit participation; and (ii) Amendment thereto, dated August 8, 1980, filed as Exhibits 1 and 3, respectively, to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1980, are hereby incorporated by reference.
- 10(g) Form of Indemnification Agreement entered into or to be entered into by certain officers and directors of Disney Enterprises, Inc. as determined from time to time by the Board of Directors, included as Annex C to the Proxy Statement for Disney Enterprises, Inc.'s 1988 Annual Meeting of Stockholders, is hereby incorporated by reference.
- 10(h) 1995 Stock Option Plan for Non-Employee Directors, filed as Exhibit A to the Proxy Statement for Disney Enterprises, Inc.'s 1995 Annual Meeting of Stockholders, is hereby incorporated by reference.
- 10(i) (i) 1990 Stock Incentive Plan and Rules, filed as Exhibits 28(a) and 28(b), respectively, to Disney Enterprises, Inc.'s Registration Statement on Form S-8 (No. 33-39770), dated April 5, 1991, and (ii) Amended and Restated 1990 Stock Incentive Plan and Rules, attached as Appendix B-2 to Disney Enterprises, Inc.'s Joint Proxy Statement/ Prospectus included in the Registration Statement on Form S-4, dated November 13, 1995 (No. 33-64141), is hereby incorporated by reference.
- 10(j) 1995 Stock Incentive Plan and Rules, attached as Appendix B-1 to Disney Enterprises, Inc.'s Joint Proxy Statement/Prospectus included in the Registration Statement on Form S-4, dated November 13, 1995 (File No. 33-64141), is hereby incorporated by reference.

- 10(k) (i) 1987 Stock Incentive Plan and Rules, (ii) 1984 Stock Incentive Plan and Rules, (iii) 1981 Incentive Plan and Rules and (iv) 1980 Stock Option Plan, all as set forth as Exhibits 1(a), 1(b), 2(a), 2(b), 3(a), 3(b) and 4, respectively, to the Prospectus contained in Part I of Disney Enterprises, Inc.'s Registration Statement on Form S-8 (No. 33-26106), dated December 20, 1988, are hereby incorporated by reference.
- 10(l) Contingent Stock Award Rules under Disney Enterprises, Inc.'s 1984 Stock Incentive Plan, filed as Exhibit 10(t) to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1986, is hereby incorporated by reference.
- 10(m) 1996 Cash Bonus Performance Plan, filed as Exhibit 10(m) to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1995, is hereby incorporated by reference.
- 10(n) Disney Salaried Retirement Plan, as amended through March 1, 1994, filed as Exhibit 10(l) to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1994, is hereby incorporated by reference.
- 10(o) The Walt Disney Company and Associated Companies Key Employees Deferred Compensation and Retirement Plan, filed as Exhibit 10(u) to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1985, is hereby incorporated by reference.
- 10(p) Group Term Life Insurance Plan (summary plan description), filed as Exhibit 10(x) to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1985, is hereby incorporated by reference.

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- 10(q) Group Personal Excess Liability Insurance Plan (summary plan description), filed as Exhibit 10(z) to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1986, is hereby incorporated by reference.
- 10(r) Family Income Assurance Plan (summary plan description), filed as Exhibit 10(aa) to the Annual Report on Form 10-K for the year ended September 30, 1986, is hereby incorporated by reference.
- 10(s) Disney Salaried Savings and Investment Plan, as amended and restated, filed as Exhibit 10(s) to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1995, is hereby incorporated by reference.
- 10(t) Disney Salaried Savings and Investment Trust Agreement, dated June 30, 1992, filed as Exhibit 10 to Disney Enterprises, Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 1992, is hereby incorporated by reference.
- 10(u) Master Trust Agreement for Employees Savings and Retirement Plans, as amended and restated through June 1, 1990, between Disney Enterprises, Inc. and Bankers Trust Company, as Trustee, filed as Exhibit 28(b) to Disney Enterprises, Inc.'s Registration Statement on Form S-8 (No. 33-35405), dated June 14, 1990, is hereby incorporated by reference.
- 10(v) Employee Stock Option Plan of Capital Cities/ABC, Inc., as amended

through December 15, 1987, filed as Exhibit 10(f) to Capital Cities/ABC, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1992, is hereby incorporated by reference.

- 10(w) Amended and Restated 1991 Stock Option Plan of Capital Cities/ABC, Inc., filed as Exhibit 6(a)(i) to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1996, is hereby incorporated by reference.
- 10(x) Amended and Restated Agreement and Plan of Reorganization, dated as of July 31, 1995, between Disney Enterprises, Inc. and Capital Cities/ABC, Inc., filed as Exhibit 2.1 to Disney Enterprises, Inc.'s Current Report on Form 8-K, dated October 6, 1995, is hereby incorporated by reference.
- 10(y) First Amendment to the Disney Salaried Retirement Plan as amended and restated effective January 1, 1988, filed as Exhibit (10) to Disney Enterprises, Inc.'s Quarterly Report on Form 10-Q for the period ended December 31, 1995, is hereby incorporated by reference.
- 21 Subsidiaries of the Company is filed herewith.
- 23 Consent of Price Waterhouse LLP, the Company's independent accountants, is included herein at page 28.
- 27 Financial Data Schedule (filed electronically only).
- 28(a) Financial statements with respect to the Disney Salaried Savings and Investment Plan for the year ended December 31, 1995, filed as Exhibit 28 to Disney Enterprises, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1995, as amended by Amendment No. 1 on Form 10-K/A dated June 30, 1996, are hereby incorporated by reference.

(b) Reports on Form 8-K

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE WALT DISNEY COMPANY

(Registrant)

Date: December 19, 1996 By: MICHAEL D. EISNER

(Michael D. Eisner, Chairman of the Board and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature -----	Title -----	Date -----
<S> Principal Executive Officer	<C>	<C>
MICHAEL D. EISNER ----- (Michael D. Eisner)	Chairman of the Board and Chief Executive Officer	December 19, 1996
Principal Financial and Accounting Officers		
RICHARD D. NANULA ----- (Richard D. Nanula)	Senior Executive Vice President and Chief Financial Officer	December 19, 1996
JOHN J. GARAND ----- (John J. Garand)	Senior Vice President- Planning and Control	December 19, 1996
Directors		
REVETA F. BOWERS ----- (Reveta F. Bowers)	Director	December 19, 1996
ROY E. DISNEY ----- (Roy E. Disney)	Director	December 19, 1996
MICHAEL D. EISNER ----- (Michael D. Eisner)	Director	December 19, 1996
STANLEY P. GOLD ----- (Stanley P. Gold)	Director	December 19, 1996
SANFORD M. LITVACK ----- (Sanford M. Litvack)	Director	December 19, 1996
IGNACIO E. LOZANO, JR. ----- (Ignacio E. Lozano, Jr.)	Director	December 19, 1996
GEORGE J. MITCHELL ----- (George J. Mitchell)	Director	December 19, 1996
THOMAS S. MURPHY ----- (Thomas S. Murphy)	Director	December 19, 1996

 (Richard A. Nunis)

</TABLE>

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<TABLE>

<CAPTION>

Signature

Title

Date

<S>

<C>

<C>

MICHAEL S. OVITZ Director December 19, 1996

(Michael S. Ovitz)

LEO J. O'DONOVAN, S.J. Director December 19, 1996

(Leo J. O'Donovan, S.J.)

SIDNEY POITIER Director December 19, 1996

(Sidney Poitier)

IRWIN E. RUSSELL Director December 19, 1996

(Irwin E. Russell)

ROBERT A.M. STERN Director December 19, 1996

(Robert A.M. Stern)

E. CARDON WALKER Director December 19, 1996

(E. Cardon Walker)

RAYMOND L. WATSON Director December 19, 1996

(Raymond L. Watson)

GARY L. WILSON Director December 19, 1996

(Gary L. Wilson)

</TABLE>

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THE WALT DISNEY COMPANY AND SUBSIDIARIES
 INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

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Consolidated Statements of Income for the Years Ended September 30, 1996, 1995 and 1994.....	29
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</TABLE>

Schedules other than those listed above are omitted for the reason that they are not applicable or the required information is included in the financial statements or related notes.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of The Walt Disney Company

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of The Walt Disney Company and its subsidiaries (the "Company") at September 30, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 1 to the consolidated financial statements, the Company adopted the provisions of the Financial Accounting Standard Board's Statement of Financial Accounting Standards 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," in fiscal 1996.

PRICE WATERHOUSE LLP

Los Angeles, California
November 25, 1996

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the prospectuses constituting part of the Registration Statements on Form S-8 (Nos. 33-26106, 33-35405 and 33-39770) and Form S-3 (Nos. 33-49891 and 33-62777) of The Walt Disney Company of our report dated November 25, 1996 which appears above.

PRICE WATERHOUSE LLP

Los Angeles, California
December 19, 1996

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CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share data)

<TABLE> <CAPTION> Year ended September 30	1996	1995	1994
<S>	<C>	<C>	<C>
REVENUES	\$ 18,739	\$12,151	\$10,090
COSTS AND EXPENSES	(15,406)	(9,685)	(8,118)
ACCOUNTING CHANGE	(300)	--	--
OPERATING INCOME	3,033	2,466	1,972
CORPORATE ACTIVITIES AND OTHER	(309)	(239)	(279)
INTEREST EXPENSE	(479)	(178)	(120)
INVESTMENT AND INTEREST INCOME	41	68	130
ACQUISITION-RELATED COSTS	(225)	--	--
INCOME BEFORE INCOME TAXES	2,061	2,117	1,703
INCOME TAXES	(847)	(737)	(593)
NET INCOME	\$ 1,214	\$ 1,380	\$ 1,110
EARNINGS PER SHARE	\$ 1.96	\$ 2.60	\$ 2.04
Average number of common and common equivalent shares outstanding	619	530	545

</TABLE>

See Notes to Consolidated Financial Statements

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CONSOLIDATED BALANCE SHEETS
(In millions)

<TABLE>

<CAPTION>

September 30	1996	1995
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents	\$ 278	\$ 1,077
Investments	454	866
Receivables	3,343	1,793
Inventories	951	824
Film and television costs	3,912	2,099
Theme parks, resorts and other property, at cost		
Attractions, buildings and equipment	11,019	8,340
Accumulated depreciation	(4,448)	(3,039)
	-----	-----
	6,571	5,301
Projects in process	1,342	778
Land	118	111
	-----	-----
	8,031	6,190
Intangible assets, net	17,978	--
Other assets	2,359	1,757
	-----	-----
	\$37,306	\$14,606
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and other accrued liabilities	\$ 6,374	\$ 2,843
Income taxes payable	582	200
Borrowings	12,342	2,984
Unearned royalty and other advances	1,179	861
Deferred income taxes	743	1,067
Stockholders' equity		
Preferred stock, \$.01 par value; \$.10 at September 30, 1995		
Authorized--100 million shares		
Issued--none		
Common stock, \$.01 par value; \$.025 at September 30, 1995		
Authorized--1.2 billion shares		
Issued--682 million shares and 575 million shares	8,576	1,226
Retained earnings	7,933	6,990
Cumulative translation and other adjustments	39	38
	-----	-----
	16,548	8,254
Less treasury stock, at cost, 8 million shares and 51 million shares	(462)	(1,603)
	-----	-----
	16,086	6,651
	-----	-----
	\$37,306	\$14,606
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

<TABLE>

<CAPTION>

Year ended September 30	1996	1995	1994
<S>	<C>	<C>	<C>
NET INCOME	\$ 1,214	\$ 1,380	\$ 1,110
CHARGES TO INCOME NOT REQUIRING CASH OUTLAYS			
Amortization of film and television costs	2,966	1,383	1,199
Depreciation	677	470	410
Amortization of intangible assets	301	--	--
Accounting change	300	--	--
Other	22	133	231
CHANGES IN (including the impact of the ABC acquisition)			
Investments in trading securities	85	1	--
Receivables	(426)	(122)	(280)
Inventories	(95)	(156)	(59)
Other assets	(160)	(288)	(81)
Accounts and taxes payable and accrued liabilities	(455)	415	136
Unearned royalty and other advances	274	161	(141)
Deferred income taxes	(78)	133	283
	-----	-----	-----
	3,411	2,130	1,698
	-----	-----	-----
CASH PROVIDED BY OPERATIONS	4,625	3,510	2,808
	-----	-----	-----
INVESTING ACTIVITIES			
Acquisition of ABC, net of cash acquired	(8,432)	--	--
Film and television costs	(3,678)	(1,886)	(1,434)
Investments in theme parks, resorts and other property	(1,745)	(896)	(1,026)
Purchases of marketable securities	(18)	(1,033)	(953)
Proceeds from sales of marketable securities	409	1,460	1,494
Other	--	67	(968)
	-----	-----	-----
	(13,464)	(2,288)	(2,887)
	-----	-----	-----
FINANCING ACTIVITIES			
Borrowings	13,560	786	1,866
Reduction of borrowings	(4,872)	(772)	(1,315)
Repurchases of common stock	(462)	(349)	(571)
Dividends	(271)	(180)	(153)
Exercise of stock options and other	85	183	76
	-----	-----	-----
	8,040	(332)	(97)
	-----	-----	-----

Increase (Decrease) in Cash and Cash Equivalents	(799)	890	(176)
Cash and Cash Equivalents, Beginning of Period	1,077	187	363
	-----	-----	-----
Cash and Cash Equivalents, End of Period	\$ 278	\$ 1,077	\$ 187
	=====	=====	=====
Supplemental disclosure of cash flow information:			
Interest paid	\$ 379	\$ 123	\$ 99
	=====	=====	=====
Income taxes paid	\$ 689	\$ 557	\$ 320
	=====	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

1 Description of the Business and Summary of Significant Accounting Policies

The Walt Disney Company, together with its subsidiaries (the "Company"), is a diversified international entertainment organization. As discussed in Note 2, the Company acquired Capital Cities/ABC, Inc. ("ABC") on February 9, 1996. As a result of the acquisition, the Company has reconfigured its financial reporting segments into Creative Content, Broadcasting and Theme Parks and Resorts. Consumer products operations, ABC's publishing operations and filmed entertainment activities not related to broadcasting have been classified as Creative Content. Operations previously reported as Filmed Entertainment that pertain to broadcasting, as well as ABC's broadcasting operations, have been classified as the Broadcasting segment. The Theme Parks and Resorts segment contains the same operations as in prior years. The Company's business segments are described below.

CREATIVE CONTENT

The Company produces and acquires live-action and animated motion pictures for distribution to the theatrical, home video and television markets. The Company also produces original television programming for the network and first-run syndication markets. The Company distributes its filmed product through its own distribution and marketing companies in the United States and most foreign markets.

The Company licenses the name "Walt Disney," as well as the Company's characters, visual and literary properties and songs and music, to various consumer manufacturers, retailers, show promoters and publishers throughout the world. The Company also engages in direct retail distribution principally through the Disney Stores, and produces books and magazines for the general public in the United States and Europe. In addition, the Company produces audio products for all markets, as well as film, video and computer software products for the educational marketplace.

The Company also publishes newspapers, technical and specialty publications and provides research and database services, primarily for markets in the United States.

BROADCASTING

The Company operates the ABC Television Network which has primary and secondary affiliated stations providing coverage to U.S. television households. The Company also owns television and radio stations affiliated with the ABC Television Network and the ABC Radio Networks. The Company's Cable and International Broadcast operations include domestic, European, Taiwanese, Japanese and Australian operations, and are principally involved in the production and distribution of cable television programming, the licensing of programming to domestic and international markets and investing in joint ventures in foreign-based television operations and television production and distribution entities. The primary domestic cable programming services, which operate through joint ventures, are ESPN, the A&E Television Networks and Lifetime Television. The Company provides programming for and operates The Disney Channel, a television programming service.

THEME PARKS AND RESORTS

The Company operates the Walt Disney World Resort(R) in Florida, and Disneyland Park(R), the Disneyland Hotel and the Disneyland Pacific Hotel in California. The Walt Disney World Resort includes the Magic Kingdom, Epcot and the Disney-MGM Studios Theme Park, twelve resort hotels and a complex of villas and suites, a nighttime entertainment complex, a shopping village, conference centers, campgrounds, golf courses, water parks and other recreational facilities. The Company earns royalties on revenues generated by the Tokyo Disneyland(R) theme park near Tokyo, Japan, which is owned and operated by an unrelated Japanese corporation. The Company also has an investment in

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Euro Disney S.C.A. ("Euro Disney"), a publicly held French corporation that operates Disneyland Paris. The Company's Walt Disney Imagineering unit designs and develops new theme park concepts and attractions, as well as resort properties. The Company also manages and markets vacation ownership interests in the Disney Vacation Club. Included in Theme Parks and Resorts are the Company's National Hockey League franchise, the Mighty Ducks of Anaheim, and its ownership interest in the Anaheim Angels, a Major League Baseball team.

SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of The Walt Disney Company and its subsidiaries after elimination of intercompany accounts and transactions. Investments in unconsolidated affiliated companies are accounted for using the equity method, and are classified in the consolidated balance sheets as "Other assets." The Company's share of earnings or losses in its equity investments is shown under "Corporate activities and other" in the consolidated statements of income.

Accounting Changes

During the second quarter of 1996, the Company adopted SFAS 121 Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of ("SFAS 121") (see Note 11). Long-lived assets to be held and used are recorded at cost. Management reviews long-lived assets and the related intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate, to the carrying amount including associated intangible assets of such operation. If the operation is determined to be unable to recover the carrying amount of its assets, then intangible assets are written down first, followed by the other long-lived assets of the operation, to fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could differ from those estimates.

Revenue Recognition

Revenues from the theatrical distribution of motion pictures are recognized when motion pictures are exhibited. Revenues from video sales are recognized on the date that video units are made widely available for sale by retailers. Revenues from the licensing of feature films and television programming are recorded when the material is available for telecasting by the licensee and when certain other conditions are met.

Broadcast advertising revenues are recognized when commercials are aired. Revenues from television subscription services related to the Company's primary cable programming services are recognized as services are provided.

Revenues from participants and sponsors at the theme parks are generally recorded over the period of the applicable agreements commencing with the opening of the related attraction.

Cash, Cash Equivalents and Investments

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less.

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Debt and equity securities are classified into one of three categories. Debt securities that the Company has the positive intent and ability to hold to maturity are classified as "held-to-maturity" and reported at amortized cost. Debt securities not classified as held-to-maturity and marketable equity securities are classified as either "trading" or "available-for-sale," and are recorded at fair value with unrealized gains and losses included in earnings or stockholders' equity, respectively.

Inventories

Carrying amounts of merchandise, materials and supplies inventories are

generally determined on a moving average cost basis and are stated at the lower of cost or market.

Film and Television Costs

Film and television production and participation costs are expensed based on the ratio of the current period's gross revenues to estimated total gross revenues from all sources on an individual production basis. Estimates of total gross revenues can change significantly due to the level of market acceptance of film and television products. Accordingly, revenue estimates are reviewed periodically and amortization is adjusted. Such adjustments could have a material effect on results of operations in future periods.

Television broadcast program licenses and rights and related liabilities are recorded when the license period begins and the program is available for use. Television network and station rights for theatrical movies and other long-form programming are charged to expense primarily on accelerated bases related to the usage of the program. Television network series costs and multi-year sports rights are charged to expense based on the flow of anticipated revenue.

Theme Parks, Resorts and Other Property

Theme parks, resorts and other property are carried at cost. Depreciation is computed on the straight-line method based upon estimated useful lives ranging from three to fifty years.

Intangible/Other Assets

Rights to the name, likeness and portrait of Walt Disney and other intangible assets are amortized over periods ranging from two to forty years. The Company continually reviews the recoverability of the carrying value of these assets using the methodology prescribed in SFAS 121.

Risk Management Contracts

In the normal course of business, the Company employs a variety of off-balance-sheet financial instruments to manage its exposure to fluctuations in interest and foreign currency exchange rates, including interest rate and cross-currency swap agreements, forward and option contracts, and interest rate exchange-traded futures. The Company designates interest rate and cross-currency swaps as hedges of investments and debt, and accrues the differential to be paid or received under the agreements as interest rates change over the lives of the contracts. Differences paid or received on swap agreements are recognized as adjustments to interest income or expense over the life of the swaps, thereby adjusting the effective interest rate on the underlying investment or obligation. Gains and losses on the termination of swap agreements, prior to their original maturity, are deferred and amortized to interest income or expense over the remaining term of the underlying hedged transactions. Gains and losses arising from interest rate futures, forward and option contracts, and foreign currency forward and option contracts are recognized in income or expense as offsets of gains and losses resulting from the underlying hedged transactions.

Cash flows from interest rate and foreign exchange risk management activities are classified in the same category as the cash flows from the related investment, borrowing or foreign exchange activity.

The Company classifies its derivative financial instruments as held or

issued for purposes other than trading.

Earnings Per Share

Earnings per share amounts are based upon the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares are excluded from the computation in periods in which they have an anti-dilutive effect.

Reclassifications

Certain reclassifications have been made in the 1995 and 1994 financial statements to conform to the 1996 presentation.

2 Acquisition

On February 9, 1996, the Company completed its acquisition of ABC. Pursuant to the acquisition, aggregate consideration paid to ABC shareholders consisted of \$10.1 billion in cash and 155 million shares of Company common stock valued at \$8.8 billion based on the stock price as of the date the transaction was announced.

The acquisition has been accounted for as a purchase and the acquisition cost of \$18.9 billion has been allocated to the assets acquired and liabilities assumed based on estimates of their respective fair values. Assets acquired totaled \$4.8 billion (of which \$1.5 billion was cash) and liabilities assumed were \$4.4 billion. A total of \$18.3 billion, representing the excess of acquisition cost over the fair value of ABC's net tangible assets, has been allocated to intangible assets and is being amortized over forty years.

In connection with the acquisition, all common shares of the Company outstanding immediately prior to the effective date of the acquisition were canceled and replaced with new common shares and all treasury shares were canceled and retired.

The Company's consolidated results of operations have incorporated ABC's activity from the effective date of the acquisition. The unaudited pro forma information below presents combined results of operations as if the acquisition had occurred at the beginning of the respective periods presented. The unaudited pro forma information is not necessarily indicative of the results of operations of the combined company had the acquisition occurred at the beginning of the periods presented, nor is it necessarily indicative of future results.

<TABLE>

<CAPTION>

(in millions, except per share data)
Period Ended September 30,

	1996	1995
<S> Revenues	<C> \$ 21,238	<C> \$ 18,949

Net income (1)	1,350	1,326
Earnings per share (1)	1.96	1.94

</TABLE>

(1) The 1996 period includes the impact of a \$300 million non-cash charge related to the initial adoption of a new accounting standard (see Note 11). The charge reduced earnings per share by \$0.27 for the period.

In addition, during the second quarter, the Company recognized a \$225 million charge for costs related to the acquisition, which are not included in the above pro forma amounts. Acquisition-related costs consist principally of interest costs related to imputed interest for the period from the effective date of the acquisition until March 14, 1996, the date that cash and stock consideration was issued to ABC shareholders.

The Company entered into an agreement to sell its independent Los Angeles television station as a result of the ABC acquisition. The sale of KCAL-TV for \$387 million was completed on November 22, 1996, resulting in a gain of approximately \$135 million which will be recognized in 1997's income statement.

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3 Investment in Euro Disney

Euro Disney operates the Disneyland Paris theme park and resort complex on a 4,800-acre site near Paris, France. The Company accounts for its 39% ownership interest in Euro Disney using the equity method of accounting. As of September 30, 1996, the Company's recorded investment in Euro Disney was \$430 million. The quoted market value of the Company's Euro Disney shares at September 30, 1996 was approximately \$634 million.

During fiscal year 1994, the Company entered into restructuring agreements with Euro Disney and the lenders participating in a financial restructuring for Euro Disney (the "Lenders") to provide certain debt, equity and lease financing to Euro Disney. In addition, the Company agreed to cancel certain fully-reserved receivables and waive royalties and base management fees for a period of five years and reduce such amounts for a specified period thereafter.

As part of the overall restructuring, the Lenders served as underwriters for 51% of the Euro Disney rights offering, agreed to forgive certain interest charges of Euro Disney, having a present value of approximately \$300 million, and deferred all principal payments until three years later than originally scheduled. Pursuant to the terms of the restructuring, interest charges will continue to progressively increase through fiscal year 2003, although substantially all of the interest will have been reinstated by the end of fiscal year 1998. Additionally, Euro Disney will begin paying royalties and management fees commencing in fiscal year 1999.

Also as part of the restructuring, the Company agreed to arrange for the provision of a 10-year unsecured standby credit facility of approximately \$210 million, upon request, bearing interest at PIBOR. As of September 30, 1996,

Euro Disney had not requested the Company to establish this facility. The Company also agreed, as long as any obligations to the Lenders are outstanding, to maintain ownership of at least 34% of the outstanding common stock of Euro Disney until June 1999, at least 25% for the subsequent five years and at least 16.67% for an additional term thereafter.

In connection with the restructuring, Euro Disney Associes S.N.C. ("Disney SNC"), a wholly-owned affiliate of the Company, entered into a lease arrangement with a noncancelable term of 12 years (the "Lease") related to substantially all of the Disneyland Paris theme park assets, and then entered into a 12-year sublease agreement (the "Sublease") with Euro Disney. Remaining lease rentals at September 30, 1996 of FF 9.8 billion (\$1.9 billion) receivable from Euro Disney under the Sublease approximate the amounts payable by Disney SNC under the Lease. At the conclusion of the Sublease term, Euro Disney will have the option to assume Disney SNC's rights and obligations under the Lease. If Euro Disney does not exercise its option, Disney SNC may purchase the assets, continue to lease the assets or elect to terminate the Lease, in which case Disney SNC would make a termination payment to the lessor equal to 75% of the lessor's then outstanding debt related to the theme park assets, estimated to be \$1.5 billion; Disney SNC could then sell or lease the assets on behalf of the lessor to satisfy the remaining debt, with any excess proceeds payable to Disney SNC.

Euro Disney's consolidated financial statements are prepared in accordance with accounting principles generally accepted in France ("French GAAP"). U.S. generally accepted accounting principles ("U.S. GAAP") differ in certain significant respects from French GAAP applied by Euro Disney, principally as they relate to accounting for leases and the calculation of interest expense relating to debt affected by Euro Disney's financial restructuring. The Company records its pro rata equity share of Euro Disney's operating results calculated in accordance with U.S. GAAP.

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4 Film and Television Costs

<TABLE>

<CAPTION>

	1996	1995
<S>	<C>	<C>

Theatrical Film Costs		
Released, less amortization	\$ 944	\$ 632
In-process	1,947	970
	-----	-----
	2,891	1,602
	-----	-----
Television Costs		
Released, less amortization	303	274
In-process	168	120
	-----	-----
	471	394
	-----	-----
Television Broadcast Rights	550	103

 \$3,912 \$2,099
 =====

</TABLE>

Based on management's total gross revenue estimates as of September 30, 1996, approximately 89% of unamortized film and television costs (except in-process) are expected to be amortized during the next three years.

5 Borrowings

<TABLE>

<CAPTION>

	Effective Interest Rate	Fiscal Year Maturity	1996	1995
<S>	<C>	<C>	<C>	<C>
Commercial paper (a)	5.5%	1997	\$ 4,185	\$ --
U.S. dollar notes and debentures (b)	6.6	1998-2093	4,399	1,085
Dual currency and foreign notes (c)	5.4	1997-2000	1,987	363
Senior participating notes (d)	6.3	2000-2001	1,099	1,057
Other	5.6	1997-2013	672	479
	5.9%		\$12,342	\$2,984

</TABLE>

- (a) In support of the issuance of commercial paper to fund the cash portion of the ABC purchase price (see Note 2), the Company established bank facilities in October 1995 totaling \$12 billion. A portion of the commercial paper issued was subsequently refinanced into longer-term borrowings, and the bank facilities were refinanced to \$7 billion. In October 1996, these facilities were further refinanced to \$5 billion and expire in one to five years. Under the bank facilities, the Company has the option to borrow at various interest rates.
- (b) Includes approximately \$600 million of borrowings previously issued by ABC, Inc. and \$300 million of borrowings due in 2093. The effective interest rate reflects the effect of interest rate swaps entered into with respect to certain of these borrowings.
- (c) Denominated principally in U.S. dollars, Japanese yen, Australian dollars, and Italian lira. The effective interest rate reflects the effect of interest rate and cross-currency swaps entered into with respect to certain of these borrowings.
- (d) The average coupon rate is 2.7% on \$1.3 billion face value of notes. Additional interest may be paid based on the performance of designated portfolios of films.

Borrowings, excluding commercial paper, have the following scheduled maturities:

<TABLE>

<S>	<C>
1997	\$ 119
1998	752

1999	1,414
2000	918
2001	2,529

</TABLE>

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The Company capitalizes interest on assets constructed for its theme parks, resorts and other property, and on theatrical and television productions in process. In 1996, 1995 and 1994, respectively, total interest costs incurred were \$545, \$236 and \$172 million, of which \$66, \$58 and \$52 million were capitalized.

6 Income Taxes

<TABLE>

<CAPTION>

	1996	1995	1994

<S>	<C>	<C>	<C>
Income Before Income Taxes			
Domestic (including U.S. exports)	\$1,822	\$1,908	\$1,514
Foreign subsidiaries	239	209	189
	-----	-----	-----
	\$2,061	\$2,117	\$1,703
	=====	=====	=====
Income Tax Provision			
Current			
Federal	\$ 389	\$ 325	\$ 117
State	101	68	30
Foreign (including withholding)	235	184	163
	-----	-----	-----
	725	577	310
	-----	-----	-----
Deferred			
Federal	106	170	260
State	16	(10)	23
	-----	-----	-----
	122	160	283
	-----	-----	-----
	\$ 847	\$ 737	\$ 593
	=====	=====	=====

</TABLE>

<TABLE>

<CAPTION>

Components of Deferred Tax Assets and Liabilities	1996	1995

<S>	<C>	<C>
Deferred tax assets:		
Accrued liabilities	\$ (1,863)	\$ (440)
Investment in Euro Disney	(74)	(153)
Other--net	(20)	(13)

Total deferred tax assets	(1,957)	(606)
Deferred tax liabilities:		
Depreciable, amortizable and other property	2,193	1,235
Licensing revenues	203	189
Leveraged leases	254	199
Total deferred tax liabilities	2,650	1,623
Net deferred tax liability before valuation allowance	693	1,017
Valuation allowance	50	50
Net deferred tax liability	\$ 743	\$1,067

</TABLE>

<TABLE>

<CAPTION>

Reconciliation of Effective Income Tax Rate	1996	1995	1994
<S>	<C>	<C>	<C>
Federal income tax rate	35.0%	35.0%	35.0%
Nondeductible amortization of intangible assets	5.1	--	--
State taxes, net of Federal income tax benefit	3.7	1.9	2.1
Other--net	(2.7)	(2.1)	(2.3)
	41.1%	34.8%	34.8%

</TABLE>

In 1996 and 1995, income tax benefits of \$44 and \$90 million, respectively, were allocated to stockholders' equity. Such benefits were attributable to employee stock option transactions.

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7 Pension and Other Benefit Programs

The Company maintains pension plans and postretirement medical benefit plans covering most of its domestic employees not covered by union or industry-wide plans. Employees hired after January 1, 1994 are not eligible for the postretirement medical benefit plans. Pension benefits are generally based on years of service and/or compensation. The following summarizes the balance sheet impact, as well as the benefit obligations, assets, funded status and rate assumptions associated with the pension and postretirement medical benefit plans.

<TABLE>

<CAPTION>

Pension plans	Postretirement benefit plans
-----	-----

	1996	1995	1996	1995
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Reconciliation of funded status of the plans and the amounts included in the Company's consolidated balance sheet:				
Projected benefit obligations				
Beginning obligations	\$ (604)	\$ (476)	\$ (162)	\$ (182)
ABC's plans at acquisition	(774)	--	(99)	--
Service cost	(68)	(38)	(12)	(11)
Interest cost	(81)	(38)	(16)	(13)
Amendments	--	(5)	--	43
Gains or (losses)	88	(68)	10	(2)
Benefits paid	37	21	8	3
	-----	-----	-----	-----
Ending obligations	(1,402)	(604)	(271)	(162)
	-----	-----	-----	-----
Fair value of plans' assets				
Beginning fair value	632	485	107	78
ABC's plans at acquisition	631	--	--	--
Actual return on plans' assets	149	102	20	16
Contributions	74	72	23	16
Benefits paid	(44)	(27)	(12)	(3)
	-----	-----	-----	-----
Ending fair value	1,442	632	138	107
	-----	-----	-----	-----
Funded status of the plans	40	28	(133)	(55)
Unrecognized net (gain) loss	(42)	98	(9)	15
Unrecognized prior service benefit	(2)	(2)	(75)	(111)
	-----	-----	-----	-----
Net balance sheet asset (liability)	\$ (4)	\$ 124	\$ (217)	\$ (151)
	=====	=====	=====	=====
Rate assumptions				
Discount rate	7.8%	7.5%	7.8%	7.5%
Rate of return on plans' assets	10.0%	9.5%	10.0%	9.5%
Salary increases	5.6%	5.8%	N/A	n/a
Annual increase in cost of benefits	N/A	n/a	7.0%	7.0%

</TABLE>

The annual increase in cost of postretirement benefits of 7% is assumed to decrease .3ppts per year until stabilizing at 5.5%. An increase in the assumed benefits cost trend of 1ppt for each year would increase the postretirement benefit obligation at September 30, 1996 by \$55 million.

The Company's accumulated pension benefit obligation at September 30, 1996 was \$1.2 billion, of which 98% was vested. The projected benefit obligation for the postretirement benefit plans at September 30, 1996 comprised 47% retirees, 18% fully eligible active participants and 35% other active participants.

The income statement cost of the pension plans for 1996, 1995 and 1994 totaled \$58, \$33 and \$37 million, respectively. The income statement cost (credit) for the postretirement benefit plans for the same years was \$(16), \$(43) and \$14 million, respectively. The discount rates and the salary

increase rate were 8.5% and 6.3%, respectively, in 1994.

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8 Stockholders' Equity

<TABLE>

<CAPTION>

(Shares in millions)	Shares	Common Stock	Paid-in Capital	Retained Earnings
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Balance at September 30, 1993	565	\$14	\$ 862	\$4,833
Exercise of stock options, net	2	--	69	--
Dividends (\$.2875 per share)	--	--	--	(153)
Net income	--	--	--	1,110
	---	---	-----	-----
Balance at September 30, 1994	567	14	931	5,790
Exercise of stock options, net	8	--	281	--
Dividends (\$.345 per share)	--	--	--	(180)
Net income	--	--	--	1,380
	---	---	-----	-----
Balance at September 30, 1995	575	14	1,212	6,990
Acquisition impact (see Note 2)	104	(7)	7,213	--
Exercise of stock options, net	3	--	144	--
Dividends (\$.42 per share)	--	--	--	(271)
Net income	--	--	--	1,214
	---	---	-----	-----
Balance at September 30, 1996	682	\$ 7	\$8,569	\$7,933
	===	===	=====	=====

</TABLE>

In November 1995, the Company adopted a stockholders' rights plan on substantially the same terms originally adopted by the Company in 1989. The plan becomes operative in certain events involving the acquisition of 25% or more of the Company's common stock by any person or group in a transaction not approved by the Company's Board of Directors. Upon the occurrence of such an event, each right, unless redeemed by the Board, entitles its holder to purchase for \$350 an amount of common stock of the Company, or in certain circumstances the acquirer, having a market value of twice the purchase price. In connection with the rights plan, 7 million shares of preferred stock were reserved. In connection with the acquisition of ABC, the Company's former stockholders' rights plan was canceled.

At September 30, 1996 and 1995, the Company's cumulative foreign currency translation adjustments and other amounts recorded directly to equity were \$39 and \$38 million, net of deferred taxes of \$16 and \$18 million, respectively.

The Company attempts to increase the long-term value of its shares by periodically acquiring its stock when it perceives that the market value is below an appropriate ratio of share price to historical earnings, projected earnings, or other relevant measures. Treasury stock activity for the three years ended September 30, 1996 was as follows:

<TABLE>
<CAPTION>

(Shares in millions)	Shares	Treasury Stock
<S>	<C>	<C>
Balance at September 30, 1993	29	\$ 715
Common stock repurchased	14	571
	---	-----
Balance at September 30, 1994	43	1,286
Common stock repurchased, net	8	317
	---	-----
Balance at September 30, 1995	51	1,603
Cancellation of treasury stock (see Note 2)	(51)	(1,603)
Common stock repurchased	8	462
	---	-----
Balance at September 30, 1996	8	\$ 462
	===	=====

</TABLE>

On April 22, 1996, the Company adopted a new share repurchase program. The program will allow the Company to purchase up to 105 million shares of its common stock from time to time in the open market or in privately negotiated transactions. In December 1996, the Company established a fund pursuant to the repurchase program to acquire shares of the Company for the purpose of funding certain stock-based compensation. Any shares acquired by the fund that are not utilized must be disposed of by December 31, 1999. Concurrent with the acquisition of ABC, the Company canceled its former share repurchase program.

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9 Stock Incentive Plans

Under various plans, the Company may grant stock option and other awards to key executive, management and creative personnel. Transactions under the various stock option and incentive plans for the periods indicated were as follows:

<TABLE>
<CAPTION>

(Shares in millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Outstanding at beginning of year	35	39	36
Awards canceled	(2)	(4)	(1)
Awards granted	21	8	6
Awards exercised	(3)	(8)	(2)
Awards transferred (ABC)	1	--	--
	---	---	---
Outstanding at September 30	52	35	39
	===	===	===
Exercisable at September 30	17	15	17

</TABLE>

Stock option awards are granted at prices equal to at least market price on the date of grant. Options outstanding at September 30, 1996 and 1995 ranged in price from \$13.28 to \$65.75 and \$5.56 to \$57.44 per share, respectively. Options exercised ranged in price from \$5.56 to \$57.44 per share in 1996, from \$3.61 to \$57.44 per share in 1995, and from \$3.23 to \$41.00 per share in 1994. Shares available for future option grants at September 30, 1996 were 60 million.

In October 1995, the Financial Accounting Standards Board issued SFAS 123, Accounting for Stock-Based Compensation ("SFAS 123") which is effective for the Company in fiscal 1997. As permitted under SFAS 123, the Company has elected not to adopt the fair value based method of accounting for its stock-based compensation plans, but will continue to account for such compensation under the provisions of APB Opinion No. 25 and, accordingly, the impact of SFAS 123 on the Company's financial statements is not expected to be material. The Company will comply with the disclosure requirements of SFAS 123 in 1997.

10 Detail of Certain Balance Sheet Accounts

<TABLE>

<CAPTION>

	1996	1995

<S>	<C>	<C>
Receivables		
Trade, net of allowances	\$ 2,875	\$1,593
Other	468	200
	-----	-----
	\$ 3,343	\$1,793
	=====	=====
Accounts Payable and Other Accrued Liabilities		
Accounts payable	\$ 5,515	\$2,131
Payroll and employee benefits	757	647
Other	102	65
	-----	-----
	\$ 6,374	\$2,843
	=====	=====
Intangible Assets		
Cost in excess of ABC's net assets acquired	\$16,079	\$ --
Trademark	1,100	--
FCC licenses	1,100	--
Accumulated amortization	(301)	--
	-----	-----
	\$17,978	\$ --
	=====	=====

</TABLE>

11 Segments

<TABLE>

<CAPTION>

Business Segments	1996	1995	1994
<S>	<C>	<C>	<C>
Revenues			
Creative Content	\$10,095	\$ 7,736	\$ 6,232
Broadcasting	4,142	414	359
Theme Parks and Resorts	4,502	4,001	3,499
	-----	-----	-----
	\$18,739	\$12,151	\$10,090
	=====	=====	=====
Operating Income			
Creative Content	\$ 1,596	\$ 1,531	\$ 1,205
Broadcasting	747	76	77
Theme Parks and Resorts	990	859	690
Accounting change	(300)	--	--
	-----	-----	-----
	\$ 3,033	\$ 2,466	\$ 1,972
	=====	=====	=====
Capital Expenditures			
Creative Content	\$ 359	\$ 232	\$ 149
Broadcasting	113	8	13
Theme Parks and Resorts	1,196	635	846
Corporate	77	21	18
	-----	-----	-----
	\$ 1,745	\$ 896	\$ 1,026
	=====	=====	=====
Depreciation Expense			
Creative Content	\$ 163	\$ 107	\$ 80
Broadcasting	109	8	7
Theme Parks and Resorts	358	335	289
Corporate	47	20	34
	-----	-----	-----
	\$ 677	\$ 470	\$ 410
	=====	=====	=====
Identifiable Assets			
Creative Content	\$ 8,837	\$ 5,232	\$ 4,066
Broadcasting	20,256	564	575
Theme Parks and Resorts	7,066	6,149	5,781
Corporate	1,147	2,661	2,404
	-----	-----	-----
	\$37,306	\$14,606	\$12,826
	=====	=====	=====
Supplemental Revenue Data			
Creative Content			
Theatrical product	\$ 5,306	\$ 4,453	\$ 3,734
Consumer products	2,597	2,120	1,798
Newspapers, technical and specialty publications	805	--	--
Broadcasting			
Advertising	3,092	98	90
Theme Parks and Resorts			
Admissions	1,493	1,346	1,180

Merchandise, food and beverage
</TABLE>

1,555 1,424 1,238

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<TABLE>

<CAPTION>

Geographic Segments	1996	1995	1994
<S>	<C>	<C>	<C>
Domestic Revenues			
United States	\$14,422	\$ 8,876	\$ 7,544
United States export	746	608	480
International Revenues			
Europe	2,086	1,677	1,345
Rest of World	1,485	990	721
	-----	-----	-----
	\$18,739	\$12,151	\$10,090
	=====	=====	=====
Operating Income			
United States	\$ 2,113	\$ 1,665	\$ 1,345
Europe	953	486	405
Rest of World	178	402	280
Unallocated expenses	(211)	(87)	(58)
	-----	-----	-----
	\$ 3,033	\$ 2,466	\$ 1,972
	=====	=====	=====
Identifiable Assets			
United States	\$35,442	\$13,438	\$11,306
Europe	1,495	1,060	1,238
Rest of World	369	108	282
	-----	-----	-----
	\$37,306	\$14,606	\$12,826
	=====	=====	=====

</TABLE>

During the second quarter of the current year, the Company implemented SFAS 121. This new accounting standard changes the method that companies use to evaluate the carrying value of such assets by, among other things, requiring companies to evaluate assets at the lowest level at which identifiable cash flows can be determined. The implementation of SFAS 121 resulted in the Company recognizing a \$300 million non-cash charge related principally to certain assets included in the Theme Parks and Resorts segment.

12 Financial Instruments

Investments

As of September 30, 1996, the Company held \$41 million of securities classified as available-for-sale. As of September 30, 1995, the Company held \$96 million of securities classified as trading and \$403 and \$307 million of securities and cash equivalents, respectively, classified as available-for-sale. In 1996 and 1995, realized gains and losses on available-for-sale securities, determined principally on an average cost basis, and unrealized

gains and losses on available-for-sale securities were not material. In 1995, the change in the net unrealized gain on trading securities was not material.

Financial Risk Management

The Company is exposed to the impact of interest rate changes. The Company's objective is to manage the impact of interest rate changes on earnings and cash flows and on the market value of its investments and borrowings. The Company maintains fixed rate debt as a percentage of its net debt between a minimum and maximum percentage, which is set by policy.

The Company transacts business in virtually every part of the world and is subject to risks associated with changing foreign exchange rates. The Company's objective is to reduce earnings and cash flow volatility associated with foreign exchange rate changes to allow management to focus its attention on its core business issues and challenges. Accordingly, the Company enters into various contracts which change in value as foreign exchange rates change to protect the value of its existing foreign currency assets and liabilities, commitments and anticipated foreign currency revenues. By

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policy, the Company maintains hedge coverage between minimum and maximum percentages of its anticipated foreign exchange exposures for each of the next five years. The gains and losses on these contracts offset changes in the value of the related exposures.

It is the Company's policy to enter into foreign currency and interest rate transactions only to the extent considered necessary to meet its objectives as stated above. The Company does not enter into foreign currency or interest rate transactions for speculative purposes.

Interest Rate Risk Management

The Company uses interest rate swaps and other instruments to manage net exposure to interest rate changes related to its portfolio of borrowings and investments and to lower its overall borrowing costs. Significant interest rate risk management instruments held by the Company at September 30, 1996 and 1995 are described below.

Interest Rate Risk Management--Borrowings

At September 30, 1996, the Company had outstanding interest rate swaps on its borrowings with notional amounts totaling \$900 million, which effectively converted floating rate commercial paper to fixed rate instruments. At September 30, 1996 and 1995, the Company had outstanding interest rate swaps on its borrowings with notional amounts totaling \$1,520 and \$685 million, respectively, which effectively converted medium-term notes to commercial paper or LIBOR-based variable rate instruments. These swap agreements expire in two to 15 years.

Interest Rate Risk Management--Investment Transactions

At September 30, 1995, the Company had outstanding \$154 million notional amount of interest rate swaps designated as hedges of investments, and \$225 million of options, futures and forward contracts. These swaps and contracts were terminated during 1996 and the realized gains and losses are included in

earnings.

Interest Rate Risk Management--Summary of Transactions

The following table reflects incremental changes in the notional or contractual amounts of the Company's interest rate contracts during 1996 and 1995. Activity representing renewal of existing positions is excluded.

<TABLE>

<CAPTION>

	Balance at September 30, 1995	Additions	Maturities/ Expirations	Terminations	Balance at September 30, 1996
<S>	<C>	<C>	<C>	<C>	<C>
Pay floating swaps	\$ 719	\$1,195	\$ (115)	\$ (279)	\$1,520
Pay fixed swaps	4,680	1,460	--	(5,240)	900
Forward contracts	--	93	(93)	--	--
Futures contracts	123	6	--	(129)	--
Option contracts	102	12	(40)	(74)	--
	-----	-----	-----	-----	-----
	\$5,624	\$2,766	\$ (248)	\$ (5,722)	\$2,420
	=====	=====	=====	=====	=====

<CAPTION>

	Balance at September 30, 1994	Additions	Maturities/ Expirations	Terminations	Balance at September 30, 1995
<S>	<C>	<C>	<C>	<C>	<C>
Pay floating swaps	\$1,037	\$ 984	\$ (135)	\$ (1,167)	\$ 719
Pay fixed swaps	214	4,606	--	(140)	4,680
Spreadlock contracts	250	--	(250)	--	--
Forward contracts	101	294	(395)	--	--
Futures contracts	266	289	(239)	(193)	123
Option contracts	94	239	(190)	(41)	102
	-----	-----	-----	-----	-----
	\$1,962	\$6,412	\$ (1,209)	\$ (1,541)	\$5,624
	=====	=====	=====	=====	=====

</TABLE>

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The impact of interest rate risk management activities on income in 1996 and 1995 and the amount of deferred gains and losses from interest rate risk management transactions at September 30, 1996 and 1995 were not material.

Foreign Exchange Risk Management

The Company primarily uses option strategies which provide for the sale of foreign currencies to hedge probable, but not firmly committed, revenues. While these hedging instruments are subject to fluctuations in value, such fluctuations are offset by changes in the value of the underlying exposures being hedged. The principal currencies hedged are the Japanese yen, French franc, German mark, British pound, Canadian dollar, Italian lira and Spanish peseta.

Foreign Exchange Risk Management Transactions

The Company uses option contracts to hedge anticipated foreign currency revenues. The Company also uses forward contracts to hedge foreign currency assets, liabilities and foreign currency payments the Company is committed to make in connection with the construction of two cruise ships (see Note 13). Cross-currency swaps are used to hedge foreign currency-denominated borrowings.

At September 30, 1996 and 1995, the notional amounts of the Company's foreign exchange risk management contracts, net of notional amounts of contracts with counterparties against which the Company has a legal right of offset, the related exposures hedged and the contract maturities are as follows:

<TABLE>
<CAPTION>

	1996			1995		
	NOTIONAL AMOUNT	EXPOSURES HEDGED	FISCAL YEAR MATURITY	Notional Amount	Exposures Hedged	Fiscal Year Maturity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Option contracts	\$5,563	\$3,386	1997-1999	\$5,070	\$2,869	1996-1999
Forward contracts	1,981	1,174	1997-1999	1,940	1,196	1996-1999
Cross-currency swaps	2,308	2,536	1997-2001	350	350	1997-1998
	-----	-----		-----	-----	
	\$9,852	\$7,096		\$7,360	\$4,415	
	=====	=====		=====	=====	

</TABLE>

Gains and losses on contracts hedging anticipated foreign currency revenues and foreign currency commitments are deferred until such revenues are recognized or such commitments are met, and offset changes in the value of the foreign currency revenues and commitments. At September 30, 1996 and 1995, the Company had net deferred gains of \$28 million and net deferred losses of \$189 million, respectively, related to foreign currency hedge transactions, which will be recognized in income over the next three years. Amounts recognizable in any one year are not material and will be substantially offset by gains and losses in the value of the related hedged transactions.

The impact of foreign exchange risk management activities on income in 1996 and 1995 was not material.

Fair Value of Financial Instruments

At September 30, 1996 and 1995, the Company's financial instruments included cash, cash equivalents, investments, receivables, accounts payable, borrowings and interest rate and foreign exchange risk management contracts.

At September 30, 1996 and 1995, the fair values of cash and cash equivalents, receivables, accounts payable, commercial paper and securities

sold under agreements to repurchase approximated carrying values because of the short-term nature of these instruments. The estimated fair values of other financial instruments subject to fair value disclosures, determined based on broker quotes or quoted market prices or rates for the same or similar instruments, and the related carrying amounts are as follows:

<TABLE>
<CAPTION>

	1996		1995	
	CARRYING AMOUNT	FAIR VALUE	Carrying Amount	Fair Value
<S>	<C>	<C>	<C>	<C>
Investments	\$ 41	\$ 41	\$ 499	\$ 499
Borrowings	(12,342)	(12,270)	(2,984)	(3,151)
Risk management contracts	466	460	181	137
	-----	-----	-----	-----
	\$ (11,835)	\$ (11,769)	\$ (2,304)	\$ (2,515)
	=====	=====	=====	=====

</TABLE>

Credit Concentrations

The Company continually monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments and does not anticipate nonperformance by the counterparties. The Company would not realize a material loss as of September 30, 1996 in the event of nonperformance by any one counterparty. The Company enters into transactions only with financial institution counterparties which have a credit rating of A- or better. The Company's current policy in agreements with financial institution counterparties is generally to require collateral in the event credit ratings fall below A- or in the event aggregate exposures exceed limits as defined by contract. In addition, the Company limits the amount of credit exposure with any one institution. At September 30, 1996, financial institution counterparties posted collateral of \$201 million to the Company, and the Company was not required to collateralize its financial instrument obligations.

The Company's trade receivables and investments do not represent significant concentrations of credit risk at September 30, 1996, due to the wide variety of customers and markets into which the Company's products are sold, their dispersion across many geographic areas, and the diversification of the Company's portfolio among instruments and issuers.

13 Commitments and Contingencies

The Company, together with, in some instances, certain of its directors and officers, is a defendant or co-defendant in various legal actions involving copyright, breach of contract and various other claims incident to the conduct of its businesses. Management does not expect the Company to suffer any material liability by reason of such actions, nor does it expect that such actions will have a material effect on the Company's liquidity or operating results.

During 1995, the Company entered into agreements with a shipyard to build two cruise ships for its Disney Cruise Line. Under the agreements, the Company is committed to make payments totaling approximately \$700 million through 1999.

At September 30, 1996, the Company is committed to the purchase of broadcast rights for various feature films, sports and other programming aggregating approximately \$4.5 billion. This amount is substantially payable over the next five years.

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QUARTERLY FINANCIAL SUMMARY
(In millions, except per share data)
(Unaudited)

<TABLE>
<CAPTION>

	December 31	March 31	June 30	September 30
<S>	<C>	<C>	<C>	<C>
1996 (/1/)				
Revenues	\$3,837	\$4,543	\$5,087	\$5,272
Operating income (/2/)	863	356	956	858
Net income (loss) (/2/)	497	(25)	406	336
Earnings (loss) per share (/2/)	.93	(.04)	.59	.49
1995				
Revenues	\$3,303	\$2,951	\$2,773	\$3,124
Operating income	787	608	574	497
Net income	482	315	318	265
Earnings per share	.91	.60	.60	.50

</TABLE>

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- (1) Results after February 9, 1996 reflect the impact of the acquisition of ABC. See Note 2 to the Consolidated Financial Statements.
 - (2) Reflects a \$300 million non-cash charge in the second quarter pertaining to the implementation of SFAS 121, and a \$225 million charge for costs related to the acquisition of ABC. The earnings per share impacts of these charges were \$.30 and \$.22, respectively. See Notes 2 and 11 to the Consolidated Financial Statements.

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[LOGO OF RECYCLED PAPER]

AMENDED BYLAWS

OF

THE WALT DISNEY COMPANY

(hereinafter called the "Corporation")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the

Corporation shall be in the City of Wilmington, County of New Castle, Delaware.

Section 2. Principal Place of Business. The principal place of

business of the Corporation is hereby fixed and located at 500 South Buena Vista Street, Burbank, California 91521.

Section 3. Other Offices. The Corporation may also have offices at

such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the

election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors (and in the case of a special meeting, by the Board of Directors or the person calling the special meeting as authorized by Section 3 of this Article II) and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The Annual Meetings of Stockholders

shall be held on such date and at such time and place as may be fixed by the Board of Directors and stated in the notice of the meeting, for the purpose of electing directors and for the transaction of such other business as is properly brought before the meeting in accordance with these Bylaws.

To be properly brought before the Annual Meeting, business must be either (i) specified in the notice of Annual Meeting (or any supplement or amendment thereto) given by or at the direction of the Board of Directors, (ii) otherwise brought before the Annual Meeting by or at the direction of the Board of Directors, or (iii) otherwise (a) properly be requested to be brought before the Annual Meeting by a stockholder of record entitled to vote in the election of directors generally, and (b) constitute a proper subject to be brought before such meeting. In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at 500 South Buena Vista Street, Burbank, California 91521, not less than 50 days nor more than 75 days prior to the meeting; provided, however, that in the event that less than 65 days' notice or prior public disclosure of the date of the Annual Meeting is given or made to stockholders, notice by a stockholder to be timely must be so received not later than the close of business on the 12th day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure was made, whichever first occurs. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual

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Meeting and the reasons for conducting such business at the Annual Meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class, series and number of shares of the Corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business. Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at the Annual Meeting except in accordance with the procedures set forth in this Article II, Section 2. The person presiding at an Annual Meeting shall, if the facts warrant, determine and declare to the Annual Meeting that business was not properly brought before the Annual Meeting in accordance with the provisions of this Article II, Section 2, and if he should so determine, he shall so declare to the Annual Meeting and any such business not properly brought before the meeting shall not be transacted. Written notice of the Annual Meeting stating the place, date and hour of the Annual Meeting shall be given to each stockholder entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting.

Section 3. Special Meetings. Special meetings of stockholders, for

any purpose or purposes, may be called by the Board of Directors, the Chairman of the Board of Directors, or the President. Special meetings of stockholders

may not be called by any other person or persons. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting, and only such business as is stated in such notice shall be acted upon thereat. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors, or (b) by a stockholder of the Corporation who is entitled to vote at the meeting and who complies with the notice provisions contained in Section 2 of this Article II.

Section 4. Quorum. Except as may be otherwise provided by law or by

the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, a minority of the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

Section 5. Voting. Unless otherwise required by law, the Certificate

of Incorporation or these Bylaws, (i) at all meetings of stockholders for the election of directors, a plurality of votes cast shall be sufficient to elect, and (ii) any other question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereon. Unless otherwise provided in the Certificate of Incorporation, each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 6. Organization. All meetings of the stockholders shall be

presided over by the Chairman of the Board of Directors or, if he is not present, by the Vice Chairman of the Board of Directors, and if he is not present, by such officer or director as is designated by the Board of Directors. The Secretary of the Corporation or, if he is not present, any Assistant Secretary or other person designated by the presiding officer shall act as secretary of the meeting.

Section 7. List of Stockholders Entitled to Vote. The officer of the

Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 8. Stock Ledger. The stock ledger of the Corporation shall

be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 7 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 9. Inspectors of Election. Before any meeting of

stockholders, the Board of Directors shall appoint one or more inspectors to act at the meeting and make a written report thereof. The Board of Directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

The inspectors shall:

- (a) ascertain the number of shares outstanding and the voting power of each,
- (b) determine the shares represented at the meeting and the validity of proxies and ballots,
- (c) count all votes and ballots,
- (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination made by the inspectors, and

(e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots.

The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. In determining the validity and counting of proxies and ballots, the inspectors shall act in accordance with applicable law.

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ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. Subject to the rights,

if any, of holders of preferred stock of the Corporation to elect directors of the Corporation, the Board of Directors shall consist of not less than nine nor more than 21 members with the exact number of directors to be determined from time to time solely by resolution duly adopted by the Board of Directors. Directors shall be elected by a plurality of the votes cast at Annual Meetings of stockholders, and each director so elected shall hold office as provided by Article FIFTH of the Certificate of Incorporation. A director may be removed from office only as provided by Article SIXTH of the Certificate of Incorporation. Any director may resign at any time effective upon giving written notice to the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. Directors need not be stockholders.

Section 2. Nomination of Directors. Only persons who are nominated

in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation at the Annual Meeting may be made at such meeting by or at the direction of the Board of Directors, by any committee or persons appointed by the Board of Directors or by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Article III, Section 2. Such nominations by any stockholder shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 50 days nor more than 75 days prior to the meeting; provided, however, that in the event that less than 65 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection

as a director, (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person, (c) the class and number of shares of capital stock of the Corporation which are beneficially owned by the person, and (d) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the Rules and Regulations of the Securities and Exchange Commission under Section 14 of the Securities Exchange Act of 1934, as amended; and (ii) as to the stockholder giving the notice (a) the name and record address of the stockholder and (b) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein. The officer of the Corporation presiding at an Annual Meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 3. Vacancies. Any vacancy on the Board of Directors,

howsoever resulting, may be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy shall hold office for a term that shall coincide with the term of the class to which such director shall have been elected.

Section 4. Duties and Powers. The business of the Corporation shall

be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

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Section 5. Meetings. The Board of Directors of the Corporation may

hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, the President, or by a majority of the Board of Directors. Notice thereof, stating the place, date and hour of the meeting, shall be given to each director either by mail not less than four days before the date of the meeting, or personally or by telephone, telegram, telex or similar means of communication on 12 hours notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 6. Quorum; Action of Board of Directors. Except as may be

otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Action by Written Consent. Any action required or

permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 8. Meetings by Means of Conference Telephone. Members of the

Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 8 shall constitute presence in person at such meeting.

Section 9. Committees. The Board of Directors may, by resolution

passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. The Board of Directors shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board of Directors or such committee shall otherwise provide, regular and special meetings and other actions of any such committee shall be governed by the provisions of this Article III

applicable to meetings and actions of the Board of Directors. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 10. Fees and Compensation. Directors and members of committees

may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by the Board of Directors.

ARTICLE IV

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen

by the Board of Directors and shall be a Chairman of the Board of Directors (who must be a director), a President, a Secretary and a Treasurer. The Board of Directors, in its sole discretion, may also choose a Vice Chairman of the Board of Directors (who must be a director), one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these Bylaws.

Section 2. Election. The Board of Directors at its first meeting

held after each Annual Meeting of stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time solely by the Board of Directors, which determination may be by resolution of the Board of Directors or in any bylaw provision duly adopted or approved by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors with or without cause. Any vacancy occurring in any office of the Corporation may be filled only by the Board of Directors.

Section 3. Chairman of the Board of Directors. The Chairman of the

Board of Directors shall be the Chief Executive Officer of the Corporation, shall preside at all meetings of the Board of Directors and of stockholders and shall, subject to the provisions of the Bylaws and the control of the Board of Directors, have general and active management, direction, and supervision over the business of the Corporation and over its officers. He shall be a member ex
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officio of all committees created by the Board of Directors, excluding the Audit

Review Committee and any committee to which he has been designated a regular member by the Board of Directors. He shall perform all duties incident to the office of chief executive and such other duties as from time to time may be assigned to him by the Board of Directors. He shall have the right to delegate any of his powers to any other officer or employee.

Section 4. President. The President shall report and be responsible

to the Chairman of the Board. The President shall have such powers and perform such duties as from time to time may be assigned or delegated to him by the Board of Directors or are incident to the office of President.

During the absence, disability, or at the request of the Chairman of the Board of Directors, the President shall perform the duties and exercise the powers of the Chairman of the Board of Directors. In the absence or disability of both the President and the Chairman of the Board of Directors, the person designated by the Board of Directors shall perform the duties and exercise the powers of the President, and unless otherwise determined by the Board, the duties and powers of the Chairman.

Section 5. Executive Vice Presidents. The Executive Vice Presidents

shall have such powers and perform such duties as from time to time may be prescribed for them respectively by the Board of Directors or are incident to the office of Executive Vice President.

Section 6. Senior Vice Presidents. The Senior Vice Presidents shall

have such powers and perform such duties as from time to time may be prescribed for them respectively by the Board of Directors or are incident to the office of Senior Vice President.

Section 7. Vice Presidents. The Vice Presidents shall have such

powers and perform such duties as from time to time may be prescribed for them respectively by the Board of Directors or are incident to the office of Vice President.

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Section 8. Secretary. The Secretary shall keep or cause to be kept,

at the principal executive office or such other place as the Board of Directors may order, a book of minutes of all meetings of stockholders, the Board of Directors and its committees, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board of Directors and committee meetings, the number of shares present or represented at stockholders' meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, a copy of the Bylaws of the Corporation at the principal executive office or business

office of the Corporation.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the Corporation's transfer agent or registrar, if one be appointed, a stock register, or a duplicate stock register, showing the names of the stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors and any committees thereof required by these Bylaws or by law to be given, shall keep the seal of the Corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

Section 9. Treasurer. The Treasurer shall have the custody of the

corporate funds and securities of the Corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, and shall send or cause to be sent to the stockholders of the Corporation such financial statements and reports as are by law or these Bylaws required to be sent to them.

The Treasurer shall deposit all moneys and valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all transactions and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

Section 10. Other Officers. Such other officers or assistant

officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

Section 11. Execution of Contracts and Other Documents. Each officer

of the Corporation may execute, affix the corporate seal and/or deliver, in the name and on behalf of the Corporation, deeds, mortgages, notes, bonds, contracts, agreements, powers of attorney, guarantees, settlements, releases, evidences of indebtedness, conveyances, or any other document or instrument which is authorized by the Board of Directors or is required to be executed in the ordinary course of business, except in cases where the execution, affixation of the corporate seal and/or delivery thereof shall be expressly and exclusively delegated by the Board of Directors to some other officer or agent of the

ARTICLE V

STOCK

Section 1. Form of Certificates. Every holder of stock in the

Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman or Vice Chairman of the Board of Directors, the President or any Executive Vice President, Senior Vice President or Vice President and (ii) by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Section 2. Signatures. Where a certificate is countersigned by (i) a

transfer agent or (ii) a registrar, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a

new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Transfers. Transfers of shares of capital stock of the

Corporation shall be made only on the stock record of the Corporation by the holder of record thereof or by his attorney thereunto authorized by the power of attorney duly executed and filed with the Secretary of the Corporation or the transfer agent thereof, and only on surrender of the certificate or certificates representing such shares, properly endorsed or accompanied by a duly executed stock transfer power. The Board of Directors may make such additional rules and regulations as it may deem expedient concerning the issue and transfer of

certificates representing shares of the capital stock of the Corporation.

Section 5. Record Date. In order that the Corporation may determine

the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 days nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Beneficial Owners. The Corporation shall be entitled to

recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

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ARTICLE VI

NOTICES

Section 1. Notices. Whenever written notice is required by law, the

Certificate of Incorporation or these Bylaws, to be given to any director or stockholder, such notice may be given by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex, cable or facsimile transmission followed, if required by law, by deposit in the United States mail, with postage prepaid.

Section 2. Waivers of Notice. Whenever any notice is required by

law, the Certificate of Incorporation or these Bylaws, to be given to any director or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Disbursements. All checks or demands for money and notes

of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be

fixed by resolution of the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of

attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chairman of the Board of Directors or the President or any other officer or officers authorized by the Board of Directors, the Chairman of the Board of Directors or the President, and any such officer may, in the name of and on behalf of the Corporation, vote, represent and exercise on behalf of the Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the Corporation and take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

ARTICLE VIII

INDEMNIFICATION

Section 1. General. The Corporation shall indemnify to the full

extent authorized or permitted by law (as now or hereafter in effect) any person made, or threatened to be made, a defendant or witness to any action, suit or proceeding (whether civil or criminal or otherwise) by reason of the fact that he, his testator or intestate, is or was a director or officer of the Corporation or by reason of the fact that such director or officer, at the request of the Corporation, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity. Nothing contained herein shall affect any rights to indemnification to which employees other than directors and officers may be entitled by law. No amendment or repeal of this Section 1 shall apply to or have any effect on any right to indemnification provided hereunder with respect to

any acts or omissions occurring prior to such amendment or repeal.

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Section 2. Further Assurance. In furtherance and not in limitation

of the powers conferred by statute:

(a) the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of law; and

(b) the Corporation may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and/or other similar arrangements), as well as enter into contracts providing indemnification to the full extent authorized or permitted by law and including as part thereof provisions with respect to any or all of the foregoing to ensure the payment of such amounts as may become necessary to effect indemnification as provided therein, or elsewhere.

ARTICLE IX

AMENDMENTS -----

Section 1. General. These Bylaws may be altered, amended or

repealed, in whole or in part, or new Bylaws may be adopted by either the holders of 66-2/3% of the outstanding capital stock entitled to vote thereon or by the Board of Directors.

ARTICLE X

EMERGENCY PROVISIONS -----

Section 1. General. The provisions of this Article X shall be

operative only during a national emergency declared by the President of the United States or the person performing the President's functions, or in the event of a nuclear, atomic or other attack on the United States or a disaster making it impossible or impracticable for the Corporation to conduct its business without recourse to the provisions of this Article X. Said provisions in such event shall override all other Bylaws of the Corporation in conflict with any provisions of this Article X, and shall remain operative so long as it

remains impossible or impracticable to continue the business of the Corporation otherwise, but thereafter shall be inoperative; provided that all actions taken in good faith pursuant to such provisions shall thereafter remain in full force and effect unless and until revoked by action taken pursuant to the provisions of the Bylaws other than those contained in this Article X.

Section 2. Unavailable Directors. All directors of the Corporation

who are not available to perform their duties as directors by reason of physical or mental incapacity or for any other reason or who are unwilling to perform their duties or whose whereabouts are unknown shall automatically cease to be directors, with like effect as if such persons had resigned as directors, so long as such unavailability continues.

Section 3. Authorized Number of Directors. The authorized number of

directors shall be the number of directors remaining after eliminating those who have ceased to be directors pursuant to Section 2 of this Article X, or the minimum number required by law, whichever number is greater.

Section 4. Quorum. The number of directors necessary to constitute a

quorum shall be one-third of the authorized number of directors as specified in Section 3 of this Article X, or such other minimum number as, pursuant to the law or lawful decree then in force, it is possible for the Bylaws of a Corporation to specify.

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Section 5. Creation of Emergency Committee. In the event the number

of directors remaining after eliminating those who have ceased to be directors pursuant to Section 2 of this Article X is less than the minimum number of authorized directors required by law, then until the appointment of additional directors to make up such required minimum, all the powers and authorities which the Board of Directors could by law delegate including all powers and authorities which the Board of Directors could delegate to a committee, shall be automatically vested in an emergency committee, and the emergency committee shall thereafter manage the affairs of the Corporation pursuant to such powers and authorities and shall have all other powers and authorities as may by law or lawful decree be conferred on any person or body of persons during a period of emergency.

Section 6. Constitution of Emergency Committee. The emergency

committee shall consist of all the directors remaining after eliminating those who have ceased to be directors pursuant to Section 2 of this Article X, provided that such remaining directors are not less than three in number. In the event such remaining directors are less than three in number, the emergency committee shall consist of three persons, who shall be the remaining director or

directors and either one or two officers or employees of the Corporation, as the remaining director or directors may in writing designate. If there is no remaining director, the emergency committee shall consist of the three most senior officers of the Corporation who are available to serve, and if and to the extent that officers are not available, the most senior employees of the Corporation. Seniority shall be determined in accordance with any designation of seniority in the minutes of the proceedings of the Board, and in the absence of such designation, shall be determined by rate of remuneration. In the event that there are no remaining directors and no officers or employees of the Corporation available, the emergency committee shall consist of three persons designated in writing by the stockholder owning the largest number of shares of record as of the date of the last record date.

Section 7. Powers of Emergency Committee. The emergency committee,

once appointed, shall govern its own procedures and shall have power to increase the number of members thereof beyond the original number, and in the event of a vacancy or vacancies therein, arising at any time, the remaining member or members of the emergency committee shall have the power to fill such vacancy or vacancies. In the event at any time after its appointment all members of the emergency committee shall die or resign or become unavailable to act for any reason whatsoever, a new emergency committee shall be appointed in accordance with the foregoing provisions of this Article X.

Section 8. Directors Becoming Available. Any person who has ceased

to be a director pursuant to the provisions of Section 2 of this Article X and who thereafter becomes available to serve as a director shall automatically become a member of the emergency committee.

Section 9. Election of Board of Directors. The emergency committee

shall, as soon after its appointment as is practicable, take all requisite action to secure the election of a board of directors, and upon such election all the powers and authorities of the emergency committee shall cease.

Section 10. Termination of Emergency Committee. In the event, after

the appointment of an emergency committee, a sufficient number of persons who ceased to be directors pursuant to Section 2 of this Article X become available to serve as directors, so that if they had not ceased to be directors as aforesaid, there would be enough directors to constitute the minimum number of directors required by law, then all such persons shall automatically be deemed to be reappointed as directors and the powers and authorities of the emergency committee shall be at an end.

=====

364-DAY CREDIT AGREEMENT

Dated as of October 30, 1996

Among

THE WALT DISNEY COMPANY

as Borrower

and

THE FINANCIAL INSTITUTIONS NAMED HEREIN

as Lenders

and

CITICORP USA, INC.

as Administrative Agent

and

CREDIT SUISSE

and

BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION

as Co-Administrative Agents

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364-DAY CREDIT AGREEMENT

Dated as of October 30, 1996

THE WALT DISNEY COMPANY, a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") listed on the signature pages hereof under the heading "The Initial Lenders", CITICORP USA, INC., a Delaware corporation ("CUSA"), as administrative agent (together with any successor Administrative Agent appointed pursuant to Article VII, the "Administrative Agent") for the Lenders (as hereinafter defined) hereunder, and CREDIT SUISSE, a Swiss banking corporation ("Credit Suisse") and BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION, a national banking corporation ("Bank of America"), as co-administrative agents (the "Co-Administrative Agents") for the Lenders hereunder, hereby agree as follows:

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ABC" means ABC, Inc. (successor in interest to Capital Cities/ABC, Inc.), a New York corporation and a wholly owned subsidiary of the Borrower, or any successor thereto.

"Administrative Agent" has the meaning specified in the recital of parties to this Agreement.

"Administrative Agent's Account" means such account of the Administrative Agent maintained by the Administrative Agent at the office of Citibank at 399 Park Avenue, New York, New York 10043, as the Administrative Agent shall notify the Borrower and the Lenders from time to time.

"Advance" means an advance by a Lender to the Borrower as part of a Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "Type" of Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person.

"Agreement" means this 364-Day Credit Agreement, as it may be amended, supplemented or otherwise modified from time to time in accordance with Section 8.01.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

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"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent and the Borrower, in substantially the form of Exhibit B hereto.

"Assuming Lender" has the meaning specified in Section 2.19(c).

"Assumption Agreement" has the meaning specified in Section 2.19(c).

"Bank of America" has the meaning specified in the recital of parties to this Agreement.

"Base Rate" means, for each day in any period, a fluctuating interest rate per annum as shall be in effect from time to time, which rate per annum shall at all times for such day during such period be equal to the highest of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate in effect for such day;

(b) the sum (adjusted to the nearest 1/4 of one percent or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent) of (i) 0.50%, (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering

rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted on the basis of a year of 365 or 366 days, as the case may be) being determined weekly on each Monday (or, if any such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor thereto) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank in respect of liabilities consisting of or including (among other liabilities) three-month U.S. dollar nonpersonal time deposits in the United States, and (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor thereto) for insuring U.S. dollar deposits of Citibank in the United States; and

(c) 0.50% per annum above the Federal Funds Rate for such day.

"Base Rate Advance" means an Advance which bears interest as provided in Section 2.06(a)(i).

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"Borrowing" means a borrowing consisting of simultaneous Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"Business Day" means a day of the year on which banks are not required or authorized to close in Los Angeles, California, or New York City, New York, or San Francisco, California, or, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Citibank" means Citibank, N.A., a national banking association.

"Co-Administrative Agents" has the meaning specified in the recital of parties to this Agreement.

"Commitment" has the meaning specified in Section 2.01.

"Consenting Lender" has the meaning specified in Section 2.19(b).

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of another Type pursuant to Section 2.08 or 2.09.

"Credit Suisse" has the meaning specified in the recital of parties to this Agreement.

"CUSA" has the meaning specified in the recital of parties to this Agreement.

"Debt" means, with respect to any Person: (a) indebtedness for borrowed money, (b) obligations evidenced by bonds, debentures, notes or other similar instruments, (c) obligations to pay the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (d) obligations as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases and (e) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of any other Person of the kinds referred to in clauses (a) through (d) above.

"Disney" means Disney Enterprises, Inc., a Delaware corporation and a wholly owned subsidiary of the Borrower, or any successor thereto.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Acceptance, as the case may be, pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent for such purpose.

"Effective Date" has the meaning specified in Section 3.01.

"Eligible Assignee" means (a) a Lender or any Affiliate of a Lender or (b) any bank or other financial institution, or any other Person, which has been approved in writing by the

Borrower and the Administrative Agent as an Eligible Assignee for purposes of this Agreement; provided, however, that neither the Borrower's approval nor the Administrative Agent's approval shall be unreasonably withheld; and provided further, however, that the Borrower may withhold its approval if the Borrower reasonably believes that an assignment to such Eligible Assignee pursuant to Section 8.07 will result in the incurrence of increased costs payable by the Borrower pursuant to Section 2.11 or 2.14.

"Environmental Claim" means any administrative, regulatory or judicial

action, suit, demand, claim, lien, notice or proceeding relating to any Environmental Law or any Environmental Permit.

"Environmental Law" means any federal, state or local statute, law, rule, regulation, ordinance, code or duly promulgated policy or rule of common law, now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof, including any order, consent decree or judgment, relating to the environment, health, safety or any Hazardous Material.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any applicable Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended.

"ERISA Event" means: (a) (i) the occurrence with respect to a Plan of a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the Pension Benefit Guaranty Corporation or (ii) the provisions of paragraph (1) of Section 4043(b) of ERISA (without regard to paragraph (2) of such Section) are applicable with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA could reasonably be expected to occur with respect to such Plan within the following 30 days; (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (c) the cessation of operations by the Borrower or any ERISA Affiliate at a facility in the circumstances described in Section 4062(e) of ERISA; (d) the withdrawal by the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (e) the failure by the Borrower or any ERISA Affiliate to make a payment to a Plan described in Section 302(f)(1)(A) of ERISA; (f) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (g) the institution by the Pension Benefit Guaranty Corporation of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition

which is reasonably likely to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Acceptance, as the case may be, pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent for such purpose.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a period equal to such Interest Period and in an amount substantially equal to such Reference Bank's (or, in the case of Citibank, CUSA's) Eurodollar Rate Advance comprising part of such Borrowing. The Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing shall be determined by the Administrative Agent on the basis of applicable rates furnished to and received by the Administrative Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

"Eurodollar Rate Advance" means an Advance which bears interest as provided in Section 2.06(a)(ii).

"Eurodollar Rate Margin" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

<TABLE>
<CAPTION>

Public Debt Rating S&P/Moody's	Applicable Margin
<S> Level 1 ----- AA-/Aa3 or above	<C> 0.120%

Level 2 ----- Lower than AA-/Aa3 but at least A/A2	0.135%
Level 3 ----- Lower than A/A2 but at least A-/A3	0.145%
Level 4 ----- Lower than A-/A3 or no Public Debt Rating in effect	0.180%
=====	

</TABLE>

"Eurodollar Rate Reserve Percentage" means, with respect to any Lender for any Interest Period for any Eurodollar Rate Advance, the reserve percentage applicable during such Interest Period (or, if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor thereto) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Existing Credit Agreements" means, collectively, (a) the 364-Day Credit Agreement dated as of October 31, 1995 among DC Holdco, Inc. (predecessor in interest to The Walt Disney Company), the financial institutions party thereto, CUSA, as the administrative agent thereunder, and Credit Suisse, as the co-administrative agent thereunder, as amended, supplemented or otherwise modified to (but not including) the Effective Date, and (b) the Five-Year Credit Agreement dated as of October 31, 1995 among DC Holdco, Inc. (predecessor in interest to The Walt Disney Company), the financial institutions party thereto, CUSA, as the administrative agent thereunder, and Credit Suisse, as the co-administrative agent thereunder, as amended, supplemented or otherwise modified to (but not including) the Effective Date.

"Extension Date" has the meaning specified in Section 2.19(b).

"Facility Fee Percentage" means, as of any date, a percentage per

annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

<TABLE>
<CAPTION>

Public Debt Rating S&P/Moody's	Percentage
Level 1 ----- AA-/Aa3 or above	0.030%
Level 2 ----- Lower than AA-/Aa3 but at least A/A2	0.040%
Level 3 ----- Lower than A/A2 but at least A-/A3	0.055%
Level 4 ----- Lower than A-/A3 or no Public Debt Rating in effect	0.070%

</TABLE>

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum 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 immediately 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.

"Five-Year Credit Agreement" means the Five-Year Credit Agreement being entered into on the date of this Agreement among the Borrower, the banks, financial institutions and other institutional lenders party thereto, CUSA, as the administrative agent thereunder, and Credit Suisse and Bank of America, as the co-administrative agents thereunder, as such

agreement may be amended, supplemented or otherwise modified hereafter from time to time.

"GAAP" means generally accepted accounting principles consistent with those applied in the preparation of the audited financial statements referred to in Section 4.01(c) (i) dated September 30, 1995.

"Hazardous Material" means (a) any petroleum or petroleum product, natural or synthetic gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, or radon gas, (b) any substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "toxic substances", "contaminants" or "pollutants", or words of similar import, under any applicable Environmental Law or (c) any other substance to which exposure is regulated by any governmental or regulatory authority.

"Indemnified Matters" has the meaning specified in Section 8.08.

"Indemnified Party" has the meaning specified in Section 8.08.

"Informed Parties" has the meaning specified in Section 8.09.

"Initial Lender" has the meaning specified in the recital of parties to this Agreement.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Rate Advance or on the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three, six or, if generally available to all of the Lenders, twelve months as the Borrower may, upon notice received by the Administrative Agent not later than 1:00 P.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

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(i) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration;

(ii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that if such extension would cause the last day of such Interest Period to occur in the next succeeding

calendar month, the last day of such Interest Period shall occur on the immediately preceding Business Day;

(iii) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month; and

(iv) the Borrower may not select for any Advance any Interest Period which ends after the scheduled Revolver Termination Date then in effect or, if the Advances have been converted to a term loan pursuant to Section 2.05 prior to the time of such selection, which ends after the Maturity Date.

"IRS" has the meaning specified in Section 2.14(e).

"Lenders" means, collectively, each Initial Lender, each Assuming Lender that shall become a party hereto pursuant to Section 2.19 and each Eligible Assignee that shall become a party hereto pursuant to Section 8.07; provided, however, that for purposes of any determination to be made under Section 2.07, 2.11, 2.12 or 8.04(b) with respect to CUSA, in its capacity as a Lender, the term "Lenders" shall be deemed to include Citibank.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement which has the same effect as a lien or security interest.

"Majority Lenders" means, at any time, Lenders owed at least a majority in interest of the aggregate unpaid principal amount of the Advances owing to the Lenders at such time, or, if no such principal amount is outstanding at such time, Lenders having at least a majority in interest of the Commitments at such time; provided, however, that neither the Borrower nor any of its Affiliates, if a Lender, shall be included in the determination of the Majority Lenders at any time.

"Material Subsidiary" means, at any date of determination, a subsidiary of the Borrower that, either individually or together with its subsidiaries, taken as a whole, has total assets exceeding \$100,000,000 on such date.

"Maturity Date" means the earlier of (a) the second anniversary of the Revolver Termination Date and (b) the date of termination in whole of the aggregate Commitments pursuant to Section 2.04 or 6.01.

"Moody's" means Moody's Investors Service, Inc. or any successor

thereto.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (i) is maintained for employees of the Borrower or any ERISA Affiliate and at least one Person other than the Borrower and the ERISA Affiliates or (ii) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Non-Consenting Lender" has the meaning specified in Section 2.19(b).

"Note" has the meaning specified in Section 2.17.

"Notice of Borrowing" has the meaning specified in Section 2.02(a).

"Other Taxes" has the meaning specified in Section 2.14(b).

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Public Debt Rating" means, as of any date of determination, the higher rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced long-term senior unsecured public debt issued by the Borrower. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Eurodollar Rate Margin and the Facility Fee Percentage shall be determined by reference to the available rating; (b) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Eurodollar Rate Margin and the Facility Fee Percentage will be set in accordance with Level 4 under the definition of "Eurodollar Rate Margin" or "Facility Fee Percentage", as the case may be; (c) if the ratings established by S&P and Moody's shall fall within different levels, the Eurodollar Rate Margin and the Facility Fee Percentage shall be based upon the higher rating; (d) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Reference Banks" means Citibank, Credit Suisse, Bank of America and Barclays Bank PLC, or, in the event that less than two of such banks remain Lenders hereunder at any time, any

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other commercial bank designated by the Borrower and approved by the Majority Lenders as constituting a "Reference Bank" hereunder.

"Register" has the meaning specified in Section 8.07(c).

"Revolver Termination Date" means the earlier of (a) October 29, 1997, subject to the extension thereof pursuant to Section 2.19, and (b) the date of termination in whole of the aggregate Commitments pursuant to Section 2.04 or 6.01; provided, however, that the Revolver Termination Date of any Lender that is a Non-Consenting Lender to any requested extension pursuant to Section 2.19 shall be the Revolver Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement.

"S&P" means Standard & Poor's Ratings Group or any successor thereto.

"SEC" has the meaning specified in Section 5.01(d)(i).

"Significant Subsidiary" means any subsidiary of the Borrower or any of its subsidiaries that constitutes a "significant subsidiary" under Rule 405 promulgated by the SEC under the Securities Act of 1933, as amended.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (i) is maintained for employees of the Borrower or an ERISA Affiliate and no Person other than the Borrower and the ERISA Affiliates or (ii) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Taxes" has the meaning specified in Section 2.14(a).

"Term Loan Conversion Date" means the Revolver Termination Date on which all Advances outstanding on such date are converted into a term loan pursuant to Section 2.05.

"Term Loan Election" has the meaning specified in Section 2.05.

"Type" has the meaning specified in the definition of "Advance".

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

SECTION 1.02. Computation of Time Periods. In this Agreement in the

computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not

specifically defined herein shall be construed in accordance with GAAP.

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ARTICLE II
AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Advances. Each Lender severally agrees, on the

terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Revolver Termination Date in an aggregate amount not to exceed at any time outstanding the amount set forth opposite such Lender's name on the signature pages hereof or, if such Lender has become a Lender hereunder pursuant to an Assumption Agreement, the amount set forth as the Commitment of such Lender in such Assumption Agreement or, if such Lender has entered into an Assignment and Acceptance, the amount set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.04 (such Lender's "Commitment"). Each Borrowing shall be in an aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and shall consist of Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower from time to time may borrow under this Section 2.01, prepay pursuant to Section 2.10 and reborrow under this Section 2.01.

SECTION 2.02. Making the Advances. (a) Each Borrowing shall be made

on notice, given not later than 11:00 A.M. (New York City time) on the same Business Day as the date of a proposed Borrowing comprised of Base Rate Advances and not later than 1:00 P.M. (New York City time) on the third Business Day prior to the date of a proposed Borrowing comprised of Eurodollar Rate Advances, by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier or telex. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telecopier or telex, or by telephone, confirmed immediately by telecopier or telex, in substantially the form of Exhibit A hereto, specifying therein the requested (i) date of such Borrowing (which shall be a Business Day), (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing comprised of Eurodollar Rate Advances, initial Interest Period for each such Advance. Each Lender shall, before 1:00 P.M. (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's

Account, in same day funds, such Lender's ratable portion of such Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower at the office where the Administrative Agent's Account is maintained.

(b) Anything in subsection (a) above or Section 2.01 to the contrary notwithstanding, the Borrower may not select Eurodollar Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than \$20,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall be suspended at such time pursuant to Section 2.08.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. In the case of any Borrowing which the related Notice of Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits

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or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that any Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender agrees to pay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Administrative Agent, at the Federal Funds Rate; provided, however, that (i) within two Business Days after any Lender shall fail to make such ratable portion available to the Administrative Agent, the Administrative Agent shall notify the Borrower of such failure and (ii) if such Lender shall not have paid such corresponding amount to the Administrative Agent within two Business Days after such demand is made of such Lender by the Administrative Agent, the Borrower agrees to repay to the Administrative Agent forthwith, upon demand by the Administrative Agent to the Borrower, such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to Advances comprising such

Borrowing. If and to the extent such corresponding amount shall be paid by such Lender to the Administrative Agent in accordance with this Section 2.02(d), such amount so paid shall constitute such Lender's Advance as part of such Borrowing for all purposes of this Agreement.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Facility Fee. The Borrower agrees to pay to each

Lender a facility fee on the average daily amount (whether used or unused) of such Lender's Commitment from the Effective Date, in the case of each Initial Lender, and from the later of (a) the Effective Date and (b) the effective date specified in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender, in the case of each other Lender, until, in each case, the Revolver Termination Date or, if the Borrower has made the Term Loan Election pursuant to Section 2.05 on or prior to such date, the Maturity Date, payable quarterly in arrears on the first Business Day of each January, April, July and October during the term of such Lender's Commitment, commencing January 2, 1997, and on the Revolver Termination Date or, if the Borrower has made the Term Loan Election pursuant to Section 2.05 on or prior to such date, the Maturity Date, at the rate per annum equal to the Facility Fee Percentage in effect from time to time.

SECTION 2.04. Reduction of the Commitments. (a) Optional. The

Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that each partial reduction shall be in the aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof.

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(b) Mandatory. On the Revolver Termination Date, if the Borrower

has made the Term Loan Election in accordance with Section 2.05 prior to such date, and from time to time thereafter upon each prepayment of the Advances, the aggregate Commitments of the Lenders under this Agreement shall be automatically and permanently reduced on a pro rata basis by an amount equal to the amount by which the aggregate Commitments of the Lenders under this Agreement immediately prior to such reduction exceeds the aggregate unpaid principal amount of the Advances outstanding at such time.

SECTION 2.05. Repayment of Advances. The Borrower shall, subject to

the next succeeding sentence, repay to each Lender on the Revolver Termination

Date the aggregate principal amount of the Advances owing to such Lender on such date. The Borrower may, upon not less than 15 days' notice to the Administrative Agent, elect (the "Term Loan Election") to convert all of the Advances outstanding on the Revolver Termination Date in effect at such time into a term loan which the Borrower shall repay in full ratably to the Lenders on the Maturity Date; provided that no Event of Default, or event that with the giving of notice or passage of time or both would constitute an Event of Default, has occurred and is continuing on the date of notice of the Term Loan Election or on the Term Loan Conversion Date on which such election is to be effected.

SECTION 2.06. Interest on Advances. (a) Scheduled Interest. The

Borrower shall pay to each Lender interest on the unpaid principal amount of each Advance owing to such Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a

Base Rate Advance, a rate per annum equal at all times to the remainder of (A) the Base Rate in effect from time to time minus (B) the Facility Fee Percentage in effect from time to time, payable quarterly in arrears on the first Business Day of each January, April, July, and October during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Advance

is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (A) the Eurodollar Rate for such Interest Period for such Advance and (B) the Eurodollar Rate Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on the date which occurs three months and, if applicable, six months, nine months and twelve months after the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. The Borrower shall pay interest on the unpaid

principal amount of each Advance that is not paid when due and on the unpaid amount of all interest, fees and other amounts payable hereunder that is not paid when due, payable on demand, at a rate per annum equal at all times to (i) in the case of any amount of principal, the greater of (x) 2% per annum above the rate per annum required to be paid on such Advance immediately prior to the date on which such amount became due and (y) 2% per annum above the Base Rate in effect from time to time and (ii) to the fullest extent permitted by law, in the case of all other amounts, 2% per annum above the Base Rate in effect from time to time.

SECTION 2.07. Additional Interest on Eurodollar Rate Advances. The

Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the applicable Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and notified in reasonable detail to the Borrower through the Administrative Agent.

SECTION 2.08. Interest Rate Determination. (a) Each Reference Bank

agrees to furnish to the Administrative Agent timely information for the purpose of determining each Eurodollar Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

(b) The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.06(a)(i) or (a)(ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the applicable interest rate under Section 2.06(a)(ii).

(c) If fewer than two Reference Banks furnish timely information to the Administrative Agent for purposes of determining the Eurodollar Rate for any Eurodollar Rate Advances, (i) the Administrative Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances, (ii) each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or, if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and (iii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(d) If, with respect to any Eurodollar Rate Advances, the Majority Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders (which cost each such Majority Lender reasonably determines in good faith is material) of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon, unless the

Eurodollar Rate Margin shall be increased to reflect such costs as determined by such Majority Lenders and as agreed by the Borrower, (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Majority Lenders shall notify the Administrative Agent, and the Administrative Agent shall in turn notify the Borrower and the Lenders, that the circumstances causing such suspension no longer exist. The Administrative Agent shall use reasonable efforts to determine from time to time whether the circumstances causing such suspension no longer exist and, promptly after the

Administrative Agent knows that the circumstances causing such suspension no longer exist, the Administrative Agent shall so notify the Borrower and the Lenders.

(e) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(f) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$20,000,000, such Eurodollar Rate Advances shall automatically Convert into Base Rate Advances and, on and after such date, the right of the Borrower to Convert such Advances into Eurodollar Rate Advances shall terminate; provided, however, that if and so long as each such Eurodollar Rate Advance shall have the same Interest Period as Eurodollar Rate Advances comprising another Borrowing or Borrowings, and the aggregate unpaid principal amount of all such Eurodollar Rate Advances shall equal or exceed \$20,000,000, the Borrower shall have the right to continue all such Eurodollar Rate Advances as, or to Convert all such Advances into, Eurodollar Rate Advances having such Interest Period.

(g) Upon the occurrence and during the continuance of any Event of Default under Section 6.01(a), (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

SECTION 2.09. Optional Conversion of Advances. The Borrower may on

any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the same Business Day as the date of the proposed Conversion in the case of a Conversion of Eurodollar Rate Advances into Base Rate Advances, and not later than 1:00 P.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion in the case of a

Conversion of Base Rate Advances into Eurodollar Rate Advances or of Eurodollar Rate Advances of one Interest Period into Eurodollar Rate Advances of another Interest Period, as the case may be, and subject to the provisions of Sections 2.08, 2.09 and 2.12, Convert all Advances of one Type comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of any Eurodollar Rate Advances into Base Rate Advances or into Eurodollar Rate Advances of another Interest Period shall be made on, and only on, the last day of an Interest Period for such Eurodollar Rate Advances. Promptly upon receipt from the Borrower of a notice of a proposed Conversion hereunder, the Administrative Agent shall give notice of such proposed Conversion to each Lender. Each such notice of a Conversion shall, within the restrictions set forth above, specify (i) the date of such Conversion (which shall be a Business Day), (ii) the Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. The Borrower may Convert all Eurodollar Rate Advances of any one Lender into Base Rate Advances of such Lender in accordance with the provisions of Section 2.12 by complying with the procedures set forth therein and in this Section 2.09 as though each reference in this Section 2.09 to Advances of any Type was to such Advances of such Lender. Each such notice of Conversion shall, subject to the provisions of Sections 2.08 and 2.12, be irrevocable and binding on the Borrower.

SECTION 2.10. Prepayments of Advances. The Borrower may, upon not

less than the same Business Day's notice to the Administrative Agent received not later than 11:00 A.M. (New York City time) in the case of Borrowings consisting of Base Rate Advances and upon at least three Business Days' notice to the Administrative Agent received not later than 1:00 P.M. (New York City time) in the case of Borrowings consisting of Eurodollar Rate Advances, stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of the Advances constituting part of the same Borrowings in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (a) each partial prepayment shall be in an aggregate principal amount of \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof, and (b) in the case of any such prepayment of Eurodollar Rate Advances, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(b).

SECTION 2.11. Increased Costs. (a) If after the date hereof, due to

either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any hereafter promulgated guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost (excluding any allocation of corporate overhead) to any Lender (which cost such Lender reasonably determines

in good faith is material) of agreeing to make or making, funding or maintaining Eurodollar Rate Advances, then such Lender shall so notify the Borrower promptly after such Lender knows of such increased cost and determines that such cost is material and the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate of such Lender as to the amount of such increased cost in reasonable detail and stating the basis upon which such amount has been calculated and certifying that such Lender's method of allocating such costs is fair and reasonable and that such Lender's demand for payment of such costs hereunder is not inconsistent with its treatment of other borrowers which, as a credit matter, are substantially similar to the Borrower and which are subject to similar provisions, submitted to the Borrower and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If, after the date hereof, either (i) the introduction of or change in or in the interpretation of any law or regulation or (ii) the compliance by any Lender with any hereafter promulgated guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and the amount of such capital is materially increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, then such Lender shall so notify the Borrower promptly after such Lender makes such determination and, upon demand by such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall pay to such Lender within five days from the date of such demand, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate of such Lender as to such amount in reasonable detail and stating the basis upon which such amount has been calculated and certifying that such Lender's method of allocating such increase of capital is fair and reasonable and that such Lender's demand for payment of such increase of

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capital hereunder is not inconsistent with its treatment of other borrowers which, as a credit matter, are substantially similar to the Borrower and which are subject to similar provisions, submitted to the Borrower and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(c) The Borrower shall not be obligated to pay under this Section 2.11 any amounts which relate to costs or increases of capital incurred prior to the 12 months immediately preceding the date of demand for payment of such amounts, unless the applicable law, regulation, guideline or request resulting in such costs or increases of capital is imposed retroactively. In the

case of any law, regulation, guideline or request which is imposed retroactively, the Lender making demand for payment of any amount under this Section 2.11 shall notify the Borrower not later than 12 months from the date that such Lender should reasonably have known of such law, regulation, guideline or request and the Borrower's obligation to compensate such Lender for such amount is contingent upon such Lender's so notifying the Borrower; provided, however, that any failure by such Lender to provide such notice shall not affect the Borrower's obligations under this Section 2.11 with respect to amounts resulting from costs or increases of capital incurred after the date which occurs 12 months immediately preceding the date on which such Lender notified the Borrower of such law, regulation, guideline or request.

(d) If any Lender shall subsequently recoup any costs (other than from the Borrower) for which such Lender has theretofore been compensated by the Borrower under this Section 2.11, such Lender shall remit to the Borrower an amount equal to the amount of such recoupment. Amounts required to be paid by the Borrower pursuant to this Section 2.11 shall be paid in addition to, and without duplication of, any amounts required to be paid pursuant to Section 2.14.

SECTION 2.12. Illegality. Notwithstanding any other provision of

this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation after the date hereof makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of such Lender to make, or to Convert Base Rate Advances into, Eurodollar Rate Advances shall be suspended until such Lender shall notify the Administrative Agent, and the Administrative Agent shall notify the Borrower and the other Lenders (which notice shall be given promptly after the Administrative Agent knows that the circumstances causing such suspension no longer exist), that the circumstances causing such suspension no longer exist and (ii) the Borrower shall forthwith prepay in full all Eurodollar Rate Advances of such Lender then outstanding, together with interest accrued thereon, unless the Borrower, within five Business Days of notice from the Administrative Agent or, if permitted by law, on and as of the last day of the then existing Interest Period for such Eurodollar Rate Advances, Converts all Eurodollar Rate Advances of such Lender then outstanding into Base Rate Advances in accordance with Section 2.09.

SECTION 2.13. Payments and Computations. (a) The Borrower shall

make each payment hereunder and under the Notes, if any, not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Sections 2.07, 2.11, 2.14, 8.04 and 8.08) to the Lenders for the account of their respective Applicable Lending

Offices, and like funds relating to the payment of any other amount payable to any Lender to

such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon any Assuming Lender becoming a Lender hereunder as a result of an extension of the Revolver Termination Date pursuant to Section 2.19, and upon the Administrative Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Extension Date, the Administrative Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the Notes, if any, issued in connection therewith in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on clause (a) or (b) of the definition of "Base Rate" shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of facility fees shall be made by the Administrative Agent, and all computations of additional interest pursuant to Section 2.07 shall be made by a Lender, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or facility fees are payable. Each determination by the Administrative Agent (or, in the case of Section 2.07, by a Lender) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under the Notes, if any, shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or facility fees, as the case may be; provided, however, that if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the immediately preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such

due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.14. Taxes. (a) Any and all payments by the Borrower

hereunder or under the Notes, if any, shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Administrative Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which

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such Lender or the Administrative Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof or by any other jurisdiction in which such Lender or the Administrative Agent is doing business that is unrelated to this Agreement (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under the Notes, if any, or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Notes, if any (hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify each Lender and the Administrative Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.14) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties to the extent not imposed as a result of such Lender's or the Administrative Agent's (as the case

may be) gross negligence or willful misconduct, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, the Borrower will furnish to the Administrative Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing payment thereof.

(e) Each Lender that is not created or organized under the laws of the United States or a political subdivision thereof shall deliver to the Borrower and the Administrative Agent on or prior to the date of its execution and delivery of this Agreement, and each such Lender that is not a party hereto on the date hereof shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender pursuant to Section 2.19 or 8.07 (as the case may be), a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender in substantially the form set out in Exhibit D-1 or D-2 hereto, as applicable, to the effect that such Lender is eligible under the provisions of an applicable tax treaty concluded by the United States (in which case the certificate shall be accompanied by two executed copies of Form 1001 (or any successor or substitute form or forms) of the Internal Revenue Service (the "IRS") of the United States), or under Section 1441(c) or 1442 of the Internal Revenue Code (in which case the certificate shall be accompanied by two copies of IRS Form 4224 (or any successor or substitute form or forms) of the IRS), to receive, as of

the date hereof or as of the date such party becomes a Lender hereto pursuant to Section 2.19 or 8.07 (as the case may be), as appropriate, payments hereunder without deduction or withholding of United States federal income tax. Each such Lender further agrees to deliver to the Borrower and the Administrative Agent from time to time, as reasonably requested by the Borrower or the Administrative Agent, and in any case before or promptly upon the occurrence of any events requiring a change in the most recent certificate previously delivered pursuant to this Section 2.14(e), a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender in substantially the form set out in Exhibit D-1 or D-2 hereto, as applicable. Further, each Lender that delivers a certificate in the form set out in Exhibit D-1 hereto agrees, to the extent permitted by law, to deliver to the Borrower and the Administrative Agent within 15 days prior to every third anniversary of the date of delivery of the initial IRS Form 1001 by such Lender (or more often if required by law) on which this Agreement is still in effect, two accurate and complete original signed copies of IRS Form 1001 (or any successor or substitute form or forms required under the Internal Revenue Code or the applicable regulations promulgated thereunder) and a certificate in the form set out in such Exhibit D-1, and each Lender that delivers a certificate in the form set out in Exhibit D-2 hereto agrees to deliver to the Borrower and the Administrative Agent, to the extent permitted by

law, within 15 days prior to the beginning of each subsequent taxable year of such Lender (or more often if required by law) during which this Agreement is still in effect, two accurate and complete original signed copies of IRS Form 4224 (or any successor or substitute form or forms required under the Internal Revenue Code or the applicable regulations promulgated thereunder) and a certificate in the form of such Exhibit D-2. Each such certificate shall certify as to one of the following:

(i) that such Lender is eligible to receive payments hereunder without deduction or withholding of United States federal income tax;

(ii) that such Lender is not eligible to receive payments hereunder without deduction or withholding of United States federal income tax as specified therein but does not require additional payments therefor pursuant to Section 2.14(a) or (c) because it is eligible and able to recover the full amount of any such deduction or withholding from a source other than the Borrower; or

(iii) that such Lender is not eligible to receive payments hereunder without deduction or withholding of United States federal income tax as specified therein and that it is not eligible and able to recover the full amount of the same from a source other than the Borrower.

If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by IRS Form 1001 or 4224, that any Lender reasonably considers to be confidential, such Lender promptly shall give notice thereof to the Borrower and the Administrative Agent and shall not be obligated to include in such form or document such confidential information; provided that such Lender certifies to the Borrower that the failure to disclose such confidential information does not increase the obligations of the Borrower under this Section 2.14.

(f) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.14 shall survive the payment in full of principal and interest on all Advances and the termination of this Agreement until

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such date as all applicable statutes of limitations (including any extensions thereof) have expired with respect to such agreements and obligations of the Borrower contained in this Section 2.14.

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall obtain any

payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances made by it (other than pursuant to Section 2.07, 2.11, 2.14, 8.04 or 8.08) in excess of its ratable share of payments on account of the Advances obtained by all the Lenders, such

Lender shall forthwith purchase from the other Lenders such participations in the Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery, together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.16. Mandatory Assignment by a Lender; Mitigation. If any Lender

requests from the Borrower either payment of additional interest on Eurodollar Rate Advances pursuant to Section 2.07, or reimbursement for increased costs pursuant to Section 2.11, or payment of or reimbursement for Taxes pursuant to Section 2.14, or if any Lender notifies the Administrative Agent that it is unlawful for such Lender or its Eurodollar Lending Office to perform its obligations hereunder pursuant to Section 2.12, (i) such Lender will, upon three Business Days' notice by the Borrower to such Lender and the Administrative Agent, to the extent not inconsistent with such Lender's internal policies and applicable legal and regulatory restrictions, use reasonable efforts to make, fund or maintain its Eurodollar Rate Advances through another Eurodollar Lending Office of such Lender if (A) as a result thereof the additional amounts required to be paid pursuant to Section 2.07, 2.11 or 2.14, as applicable, in respect of such Eurodollar Rate Advances would be materially reduced or the provisions of Section 2.12 would not apply to such Lender, as applicable, and (B) as determined by such Lender in good faith but in its sole discretion, the making or maintaining of such Eurodollar Rate Advances through such other Eurodollar Lending Office would not otherwise materially and adversely affect such Eurodollar Rate Advances or such Lender and (ii) unless such Lender has theretofore taken steps to remove or cure, and has removed or cured, the conditions creating such obligation to pay such additional amounts or the circumstances described in Section 2.12, the Borrower may designate an Eligible Assignee to purchase for cash (pursuant to an Assignment and Acceptance) all, but not less than all, of the Advances then owing to such Lender and all, but not less than all, of such Lender's rights and obligations hereunder, without recourse to or warranty by, or expense to, such Lender, for a purchase price equal to the outstanding principal amount of each such Advance then owing to such Lender plus any accrued but unpaid interest thereon and any accrued but unpaid facility fees owing thereto and, in addition, (A) all additional costs reimbursements, expense reimbursements and indemnities, if any, owing in respect of such Lender's Commitment hereunder, and all other accrued and unpaid amounts owing to such Lender hereunder, at such time shall be paid to such Lender and (B) if such Eligible Assignee is not otherwise a Lender at such time, the

applicable processing and recordation fee under Section 8.07(a) for such assignment shall have been paid.

SECTION 2.17. Evidence of Debt. (a) Each Lender shall maintain in

accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Administrative Agent) to the effect that a promissory note or other evidence of indebtedness is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a promissory note or other evidence of indebtedness, in form and substance reasonably satisfactory to the Borrower and such Lender (each a "Note"), payable to the order of such Lender in a principal amount equal to the Commitment of such Lender; provided, however, that the execution and delivery of such promissory note or other evidence of indebtedness shall not be a condition precedent to the making of any Advance under this Agreement.

(b) The Register maintained by the Administrative Agent pursuant to Section 8.07(c) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assumption Agreement and each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, and (iv) the amount of any sum received by the Administrative Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Administrative Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.18. Use of Proceeds. The proceeds of the Advances shall be

available (and the Borrower agrees that it shall use such proceeds) to support the obligations of the Borrower in respect of commercial paper issued by the

Borrower and/or for other general corporate purposes of the Borrower and its subsidiaries.

SECTION 2.19. Extension of Termination Date. (a) At least 45 days but

not more than 60 days prior to the Revolver Termination Date in effect at any time, the Borrower, by written notice to the Administrative Agent, may request an extension of the Revolver Termination Date in effect at such time for a period of 364 days from its then scheduled expiration; provided, however, that the Borrower shall not have made the Term Loan Election for Advances outstanding on such Revolver Termination Date prior to the then scheduled Revolver Termination Date. The Administrative Agent shall promptly notify each Lender of such request, and each Lender shall in turn, in its sole discretion, not earlier than 30 days but at least 20 days prior to such Revolver Termination Date, notify the Borrower and the Administrative Agent in writing as to whether such Lender will consent to such extension. If any Lender

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shall fail to notify the Administrative Agent and the Borrower in writing of its consent to any such request for extension of the Revolver Termination Date at least 20 days prior to the scheduled occurrence thereof at such time, such Lender shall be deemed to be a Non-Consenting Lender with respect to such request. The Administrative Agent shall notify the Borrower not later than 15 days prior to the scheduled Revolver Termination Date in effect at such time of the decision of the Lenders regarding the Borrower's request for an extension of the Revolver Termination Date.

(b) If all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.19, the Revolver Termination Date shall, effective as at the Revolver Termination Date otherwise in effect at such time (the "Extension Date"), be extended for a period of 364 days from such Extension Date; provided that on each Extension Date, no Event of Default, or event that with the giving of notice or passage of time or both would constitute an Event of Default, shall have occurred and be continuing, or shall occur as a consequence thereof. If Lenders holding at least a majority in interest of the aggregate Commitments at such time consent in writing to any such request in accordance with subsection (a) of this Section 2.19, the Revolver Termination Date in effect at such time shall, effective as at the applicable Extension Date, be extended as to those Lenders that so consented (each a "Consenting Lender") but shall not be extended as to any other Lender (each a "Non-Consenting Lender"). To the extent that the Revolver Termination Date is not extended as to any Lender pursuant to this Section 2.19 and the Commitment of such Lender is not assumed in accordance with subsection (c) of this Section 2.19 on or prior to the applicable Extension Date, the Commitment of such Non-Consenting Lender shall automatically terminate in whole on such unextended Revolver Termination Date without any further notice or other action by the Borrower, such Lender or any other Person; provided that such Non-Consenting Lender's rights under Sections 2.11, 2.14, 8.04 and 8.08, and its obligations under Section 7.05, shall survive the Revolver Termination Date for such Lender

as to matters occurring prior to such date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for any requested extension of the Revolver Termination Date.

(c) If Lenders holding at least a majority in interest of the aggregate Commitments at any time consent to any such request pursuant to subsection (a) of this Section 2.19, the Borrower may arrange for one or more Consenting Lenders or other Eligible Assignees (each such Eligible Assignee that accepts an offer to assume a Non-Consenting Lender's Commitment as of the applicable Extension Date being an "Assuming Lender") to assume, effective as of the Extension Date, any Non-Consenting Lender's Commitment and all of the obligations of such Non-Consenting Lender under this Agreement thereafter arising, without recourse to or warranty by, or expense to, such Non-Consenting Lender; provided, however, that the amount of the Commitment of any such Assuming Lender as a result of such substitution shall in no event be less than \$25,000,000 unless the amount of the Commitment of such Non-Consenting Lender is less than \$25,000,000, in which case such Assuming Lender shall assume all of such lesser amount; and provided further that:

(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the outstanding Advances, if any, of such Non-Consenting Lender plus (B) any accrued but unpaid facility fees owing to such Non-Consenting Lender as of the effective date of such assignment;

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(ii) all additional costs reimbursements, expense reimbursements and indemnities payable to such Non-Consenting Lender, and all other accrued and unpaid amounts owing to such Non-Consenting Lender hereunder, as of the effective date of such assignment shall have been paid to such Non-Consenting Lender; and

(iii) with respect to any such Assuming Lender, the applicable processing and recordation fee required under Section 8.07(a) for such assignment shall have been paid;

provided further that such Non-Consenting Lender's rights under Sections 2.11, 2.14, 8.04 and 8.08, and its obligations under Section 7.05, shall survive such substitution as to matters occurring prior to the date of substitution. At least three Business Days prior to any Extension Date, (A) each such Assuming Lender, if any, shall have delivered to the Borrower and the Administrative Agent an assumption agreement, in form and substance satisfactory to the Borrower and the Administrative Agent (an "Assumption Agreement"), duly executed by such Assuming Lender, such Non-Consenting Lender, the Borrower and the Administrative Agent, (B) any such Consenting Lender shall have delivered confirmation in writing satisfactory to the Borrower and the Administrative Agent as to the increase in the amount of its Commitment and (C) each Non-Consenting Lender being replaced pursuant to this Section 2.19 shall have

delivered to the Administrative Agent any Note or Notes held by such Non-Consenting Lender. Upon the payment or prepayment of all amounts referred to in clauses (i), (ii) and (iii) of the immediately preceding sentence, each such Consenting Lender or Assuming Lender, as of the Extension Date, will be substituted for such Non-Consenting Lender under this Agreement and shall be a Lender for all purposes of this Agreement, without any further acknowledgment by or the consent of the other Lenders, and the obligations of each such Non-Consenting Lender hereunder shall, by the provisions hereof, be released and discharged.

(d) If all of the Lenders (after giving effect to any assignments pursuant to subsection (b) of this Section 2.19) consent in writing to a requested extension (whether by execution or delivery of an Assumption Agreement or otherwise) not later than one Business Day prior to such Extension Date, the Administrative Agent shall so notify the Borrower, and, so long as no Event of Default, or event that with the giving of notice or passage of time or both would constitute an Event of Default, shall have occurred and be continuing as of such Extension Date, or shall occur as a consequence thereof, the Revolver Termination Date then in effect shall be extended for the 364-day period described in subsection (a) of this Section 2.19, and all references in this Agreement, and in the Notes, if any, to the "Revolver Termination Date" shall, with respect to each Consenting Lender and each Assuming Lender for such Extension Date, refer to the Revolver Termination Date as so extended. Promptly following each Extension Date, the Administrative Agent shall notify the Lenders (including, without limitation, each Assuming Lender) of the extension of the scheduled Revolver Termination Date in effect immediately prior thereto and shall thereupon record in the Register the relevant information with respect to each such Consenting Lender and each such Assuming Lender.

ARTICLE III
CONDITIONS OF EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Section 2.01.

Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which all of the following conditions precedent have been satisfied or waived in accordance with Section 8.01:

(a) the Administrative Agent shall have received on or before the Effective Date the following, each dated the Effective Date, in form and substance satisfactory to the Administrative Agent: (i) certified copies of the resolutions of the Board of Directors of the Borrower or the Executive Committee of such Board authorizing the execution and delivery of this Agreement, and approving all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement; (ii) a certificate of the Secretary or an Assistant Secretary of the Borrower certifying the name and true signature of the officer of the

Borrower executing this Agreement on its behalf; (iii) an opinion of David K. Thompson, Esq., Senior Vice President-Assistant General Counsel of the Borrower, in substantially the form of Exhibit C hereto; and (iv) an opinion of Shearman & Sterling, counsel for the Administrative Agent.

(b) all consents and approvals of any governmental or regulatory authority and any other third party necessary in connection with this Agreement or the consummation of the transactions contemplated hereby shall have been obtained and shall remain in effect.

(c) there shall have occurred no material adverse change in the business, financial condition or operations of (i) Disney and its subsidiaries, taken as a whole, since September 30, 1995, except as disclosed in periodic or other reports filed by Disney and its subsidiaries during the period from September 30, 1995 to the date of this Agreement pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, copies of which have been furnished to the Initial Lenders prior to the date of this Agreement, or (ii) the Borrower and its subsidiaries, taken as a whole, since June 30, 1996, except as disclosed in reports filed by the Borrower and its subsidiaries, if any, during the period from June 30, 1996 to the date of this Agreement pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, copies of which have been furnished to the Initial Lenders prior to the date of this Agreement.

(d) the Borrower shall have paid or prepaid all amounts owing under the Existing Credit Agreements, and all commitments of the lenders thereunder shall have been terminated.

(e) the Borrower shall have notified each Lender and the Administrative Agent in writing as to the proposed Effective Date at least three Business Days prior to the occurrence thereof.

(f) all of the representations and warranties contained in Section 4.01 shall be correct in all material respects on and as of the Effective Date, before and after giving effect to such date, as though made on and as of the Effective Date (except to the extent that such representations and warranties relate to an earlier date, in which case such representations and warranties shall have been correct in all material respects on and as of such earlier date).

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(g) no event shall have occurred and be continuing, or shall result from the occurrence of the Effective Date, that constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

SECTION 3.02. Conditions Precedent to Each Borrowing. The obligation

of each Lender to make an Advance on the occasion of each Borrowing (including

the initial Borrowing) shall be subject to the further conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing such statements are true):

(a) the representations and warranties contained in Section 4.01 are correct in all material respects on and as of the date of such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (except to the extent that such representations and warranties relate to an earlier date, in which case such representations and warranties shall have been correct in all material respects on and as of such earlier date); and

(b) no event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

SECTION 3.03. Determinations Under Section 3.01. For purposes of

determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Administrative Agent shall promptly notify the Lenders of the occurrence of the Effective Date.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The

Borrower represents and warrants as of the Effective Date and from time to time thereafter as required under this Agreement as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Borrower and each of the Significant Subsidiaries are duly qualified and in good standing as foreign corporations authorized to do business in each jurisdiction (other than the respective jurisdictions of their incorporation) in which the nature of their respective activities or the character of the properties they own or lease make such qualification necessary and in which the failure so to qualify would have a material

adverse effect on the financial condition or operations of the Borrower and its subsidiaries, taken as a whole.

(b) The execution, delivery and performance by the Borrower of this Agreement and each of the Notes, if any, delivered hereunder are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any material contractual restriction binding on or affecting the Borrower, Disney or ABC; no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes, if any; and this Agreement is and each of the Notes, when delivered hereunder, will be the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with their respective terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(c) (i) At any time prior to the date on which the Borrower first delivers the audited financial statements of the Borrower and its subsidiaries pursuant to Section 5.01(d)(ii), Disney's most recent annual report on Form 10-K containing the consolidated balance sheet of Disney and its subsidiaries, and the related consolidated statements of income and of cash flows of Disney and its subsidiaries, copies of which have been furnished to each Initial Lender prior to the date of this Agreement, fairly present the consolidated financial condition of Disney and its subsidiaries as at the date of such balance sheet and the consolidated results of operations of Disney and its subsidiaries for the fiscal year ended on such date, all in accordance with generally accepted accounting principles consistently applied, and (ii) at any time thereafter, the Borrower's most recent annual report on Form 10-K containing the consolidated balance sheet of the Borrower and its subsidiaries, and the related consolidated statements of income and of cash flows of the Borrower and its subsidiaries, copies of which have been furnished to each Lender pursuant to Section 5.01(d)(ii), fairly present the consolidated financial condition of the Borrower and its subsidiaries as at the date of such balance sheet and the consolidated results of operations of the Borrower and its subsidiaries for the fiscal year ended on such date, all in accordance with generally accepted accounting principles consistently applied.

(d) There is no pending or, to the Borrower's knowledge, threatened claim, action or proceeding affecting the Borrower or any of its subsidiaries which could reasonably be expected to adversely affect the financial condition or operations of the Borrower and its subsidiaries, taken as a whole, or which could reasonably be expected to affect the

legality, validity or enforceability of this Agreement; and to the Borrower's knowledge, the Borrower and each of its subsidiaries have complied, and are in compliance, with all applicable laws, rules, regulations, permits, orders, consent decrees and judgments, except for any such matters which have not had, and would not reasonably be expected to have, a material adverse effect on the financial condition or operations of the Borrower and its subsidiaries, taken as a whole.

(e) The Borrower and the ERISA Affiliates have not incurred and are not reasonably expected to incur any material liability in connection with their Single Employer Plans or Multiple Employer Plans, other than ordinary liabilities for benefits; neither the Borrower nor any ERISA Affiliate has incurred or is reasonably expected to incur any material withdrawal

liability (as defined in Part I of Subtitle E of Title IV of ERISA) to any Multiemployer Plan; and no Multiemployer Plan of the Borrower or any ERISA Affiliate is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

SECTION 4.02. Additional Representations and Warranties of the Borrower

as of Each Extension Date. The Borrower represents and warrants on each

Extension Date (and at no other time) that, as of each such date, the following statements shall be true:

(a) there has been no material adverse change in the business, financial condition or operations of the Borrower and its subsidiaries, taken as a whole, since the date of the audited financial statements of the Borrower and its subsidiaries most recently delivered to the Lenders pursuant to Section 5.01(d) (ii) prior to the applicable Extension Date (except as disclosed in periodic or other reports filed by the Borrower and its subsidiaries pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, during the period from the date of the most recently delivered audited financial statements of the Borrower and its subsidiaries pursuant to Section 5.01(d) (ii) to the date of the request for an extension of the Revolver Termination Date then in effect related to such Extension Date); and

(b) the representations and warranties contained in Section 4.01 are correct in all material respects on and as of such date, as though made on and as of such date (except to the extent that such representations and warranties relate to an earlier date, in which case such representations and warranties shall have been correct in all material respects on and as of such earlier date).

ARTICLE V
COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance shall

remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will, unless the Majority Lenders shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply, and cause each of its

subsidiaries to comply, in all material respects with all applicable laws, rules, regulations, permits, orders, consent decrees and judgments binding on the Borrower and its subsidiaries the failure with which to comply would have a material adverse effect on the financial condition or operations of the Borrower and its subsidiaries, taken as a whole.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its

subsidiaries to pay and discharge, before the same shall become delinquent, if the failure to so pay and discharge would have a material adverse effect on the financial condition or operations of the Borrower and its subsidiaries, taken as a whole, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property, and (ii) all lawful claims which, if unpaid, will by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its subsidiaries shall be required to pay or discharge any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained in accordance with GAAP.

(c) Preservation of Corporate Existence, Etc. Subject to Section

5.02(a), preserve and maintain, and cause each of Disney and ABC to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that none of the Borrower, Disney or ABC shall be required to preserve any right or franchise if the loss thereof would not have a material adverse effect on the business, financial condition or operations of the Borrower and its subsidiaries, taken as a whole; and provided further, however, that neither Disney nor ABC shall be required to preserve its corporate existence if the loss thereof would not have a material adverse effect on the business, financial condition or operations of the Borrower and its subsidiaries, taken as a whole.

(d) Reporting Requirements. Furnish to the Administrative Agent, on

behalf of the Lenders:

(i) as soon as available and in any event within 50 days after the end of each of the first three quarters of each fiscal year of the Borrower, the Borrower's quarterly report to shareholders on Form 10-Q as

filed with the Securities and Exchange Commission (the "SEC"), in each case containing a consolidated balance sheet of the Borrower and its subsidiaries as of the end of such quarter and consolidated statements of income and of cash flows of the Borrower and its subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, and a certificate of any of the Borrower's Chairman of the Board of Directors, President, Chief Financial Officer, Treasurer, Assistant Treasurer or Controller stating that no Event of Default, or event that with the giving of notice or passage of time or both, would constitute an Event of Default, has occurred and is continuing;

(ii) as soon as soon as available and in any event within 100 days after the end of each fiscal year of the Borrower, a copy of the Borrower's annual report to shareholders on Form 10-K as filed with the SEC, in each case containing consolidated financial statements of the Borrower and its subsidiaries for such year and a certificate of any of the Borrower's Chairman of the Board of Directors, President, Chief Financial Officer, Treasurer, Assistant Treasurer or Controller stating that no Event of Default, or event that with the giving of notice or passage of time or both would constitute an Event of Default, has occurred and is continuing;

(iii) promptly after the Borrower obtains actual knowledge of the occurrence of each Event of Default, and each event that with the giving of notice or passage of time or both would constitute an Event of Default, a statement of any of the Borrower's Chairman of the Board of Directors, President, Chief Financial Officer, Treasurer, Assistant Treasurer or Controller setting forth details of such Event of Default or event continuing on the date of such statement, and the action which the Borrower has taken and proposes to take with respect thereto;

(iv) promptly after the commencement thereof, notice of any actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Borrower or any of its subsidiaries of the type described in Section 4.01(d);

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(v) promptly after the Borrower obtains actual knowledge thereof, written notice of any pending or threatened Environmental Claim against the Borrower or any of its subsidiaries or any of their respective properties which could reasonably be expected to materially and adversely affect the financial condition or operations of the Borrower and its subsidiaries, taken as a whole;

(vi) promptly after the Borrower obtains actual knowledge of the occurrence of any ERISA Event which could reasonably be expected to materially and adversely affect the financial condition or operations of

the Borrower and its subsidiaries, taken as a whole, a statement of any of the Borrower's Chairman of the Board of Directors, President, Chief Financial Officer, Treasurer, Assistant Treasurer or Controller describing such ERISA Event and the action, if any, which the Borrower has taken and proposes to take with respect thereto;

(vii) promptly after receipt thereof by the Borrower or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Borrower or any ERISA Affiliate concerning (A) the imposition of withdrawal liability (as defined in Part I of Subtitle E of Title IV of ERISA) by a Multiemployer Plan, which withdrawal liability could reasonably be expected to materially and adversely affect the financial condition or operations of the Borrower and its subsidiaries, taken as a whole, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any Multiemployer Plan, which reorganization or termination could reasonably be expected to materially adversely affect the financial condition or operations of the Borrower and its subsidiaries, taken as a whole, or (C) the amount of liability incurred, or which may be incurred, by the Borrower or any ERISA Affiliate in connection with any event described in subclause (vii)(A) or (vii)(B) above; and

(viii) such other material information reasonably related to any Lender's credit analysis of the Borrower or any of its subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

SECTION 5.02. Negative Covenant. So long as any Advance shall remain

unpaid or any Lender shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Lenders:

(a) Mergers, Etc. Merge or consolidate with or into, or convey,

transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of the assets of the Borrower and its subsidiaries, taken as a whole (whether now owned or hereafter acquired), to, any Person, or permit any of its subsidiaries to do so, unless (i) immediately after giving effect to such proposed transaction, no Event of Default or event that with the giving of notice or lapse of time or both would constitute an Event of Default, would exist and (ii) in the case of any such merger to which the Borrower is a party, the Borrower is the surviving corporation or the Person into which the Borrower shall be merged or formed by any such consolidation shall be a corporation organized and existing under the laws of the United States or any State thereof and shall assume the Borrower's obligations hereunder and under the Notes, if any, in an agreement or instrument reasonably satisfactory in form and substance to the Majority Lenders.

ARTICLE VI
EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or any fee or other amount payable under this Agreement, in each case within three Business Days after such interest, fee or other amount becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) delivered in writing and identified as delivered in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) The Borrower shall fail to perform or observe any covenant contained in Section 5.01(d)(iii) or Section 5.02; or

(d) The Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(e) The Borrower or any of its subsidiaries shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount of at least \$250,000,000 in the aggregate (but excluding Debt arising hereunder) of the Borrower or such subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure (i) shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt and (ii) shall not have been cured or waived; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) The Borrower or any Material Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability

to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any Material Subsidiary seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment

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of a receiver, trustee, custodian or other similar official for it or for substantially all of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any Material Subsidiary shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) Any money judgment, writ or warrant of attachment or similar process against the Borrower, any Material Subsidiary or any of their respective assets involving in any case an amount in excess of \$100,000,000 is entered and shall remain undischarged, unvacated, unbonded or unstayed for a period of 30 days or, in any case, within five days of any pending sale or disposition of any asset pursuant to any such process;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII THE ADMINISTRATIVE AGENT

SECTION 7.01. Authorization and Action. (a) Each Lender hereby

appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement of this Agreement or collection of the Advances), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

(b) The Co-Administrative Agents shall have no duties under this Agreement other than those afforded to them in their capacities as Lenders, and each Lender hereby acknowledges that the

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Co-Administrative Agents have no liability under this Agreement other than those assumed by them in their capacities as Lenders.

SECTION 7.02. Administrative Agent's Reliance, Etc. Neither the

Administrative Agent nor any of its directors, officers, agents or employees shall be liable to any Lender for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may treat the Lender which made any Advance as the holder of the Debt resulting therefrom until the Administrative Agent receives and accepts an Assumption Agreement entered into by an Assuming Lender as provided in Section 2.19, or an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or document furnished

pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. CUSA and Affiliates. With respect to its Commitment and

the Advances made by it and any Note or Notes issued to it, CUSA shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include CUSA in its individual capacity. CUSA and its respective Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from, and generally engage in any kind of business with, the Borrower, any of its subsidiaries and any Person who may do business with or own securities of the Borrower or any such subsidiary, all as if CUSA was not the Administrative Agent and without any duty to account therefor to the Lenders.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it

has, independently and without reliance upon the Administrative Agent or any other Lender and based on the financial statements referred to in Section 4.01(c) (i) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Lenders agree to indemnify the

Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of Advances then owing to each of them (or, if no Advances are at the time outstanding or if any Advances are then owing to Persons which are not Lenders, ratably according to the respective

amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this Agreement; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses

(including reasonable counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal or bankruptcy proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.06. Successor Administrative Agent. The Administrative Agent

may resign at any time by giving written notice thereof to the Lenders and the Borrower and such resignation shall be effective upon the appointment of a successor Administrative Agent as provided herein. Upon any such resignation, the Majority Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent. Any successor Administrative Agent appointed hereunder shall be a commercial bank organized or licensed under the laws of the United States or of any State thereof, or an Affiliate of any such commercial bank, having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article VII 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.

ARTICLE VIII
MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision

of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than the Borrower or any of its Affiliates, if a Lender, at the time of any such amendment, waiver or consent), do any of the following: (a) waive any of the conditions specified in Section 3.01 or 3.02, (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Advances or the facility fees payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Advances (other than as provided in

Sections 2.05 and 2.19), (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of Advances, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder or (f) amend this Section 8.01; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement or any Note.

SECTION 8.02. Notices, Etc. (a) All notices and other communications

provided for hereunder shall be, except as otherwise expressly provided for herein, in writing (including telecopier, telegraphic or telex communication) and mailed, telecopied, telegraphed, telexed or delivered, if to the Borrower, at its address at:

The Walt Disney Company
500 South Buena Vista Street
Burbank, California 91521
Attention: Assistant Treasurer
Telecopy Number: (818) 563-1682 and (818) 562-1811;

with a copy to:

The Walt Disney Company
500 South Buena Vista Street
Burbank, California 91521
Attention: Corporate Legal Department
Telecopy Number: (818) 563-4160;

if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender, as the case may be; and if to the Administrative Agent, at its address at:

Citicorp USA, Inc.
One Court Square
Long Island City, New York 11120
Attention: Kim Coley
Telecopy Number: (718) 248-4844

with a copy to:

Citicorp Securities, Inc.
One Sansome Street
San Francisco, California 94104
Attention: Mark Wilson
Telecopy Number: (415) 627-6355;

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telecopied, telegraphed or

telexed, be effective when deposited in the mails, telecopied, delivered to the telegraph company or confirmed by telex answerback, respectively, except that notices and communications to the Administrative Agent pursuant to Article II or VII shall not be effective until received by the Administrative Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

(b) If any notice required under this Agreement is permitted to be made, and is made, by telephone, actions taken or omitted to be taken in reliance thereon by the Administrative Agent or any Lender shall be binding upon the Borrower notwithstanding any inconsistency between the notice provided by telephone and any subsequent writing in confirmation thereof provided to the Administrative Agent or such Lender; provided that any such action taken or omitted to be taken by the Administrative Agent or such Lender shall have been in good faith and in accordance with the terms of this Agreement.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender

or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay,

within five Business Days of demand, all actual and reasonable costs and expenses, if any (including, without limitation, actual and reasonable counsel fees and expenses), of the Administrative Agent and each Lender in connection with the enforcement (whether through legal proceedings or otherwise) of this Agreement and the other instruments and documents to be delivered hereunder, including, without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a).

(b) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(f) or 2.10 or acceleration of the maturity of the Advances pursuant to Section 6.01 or for any other reason (other than by reason of a payment pursuant to Section 2.12), the Borrower shall, within five Business Days of demand by any Lender (with a copy of such demand to the Administrative Agent), pay to such Lender any

amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain such Advance.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the

continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender (and, in the case of CUSA, Citibank) is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, but excluding trust accounts) at any time held and other indebtedness at any time owing by such Lender (and, in the case of CUSA, Citibank) to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement, whether or not such Lender shall have made any demand

under this Agreement. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender (and, in the case of CUSA, Citibank); provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender (and, in the case of CUSA, Citibank) under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective

(other than Section 2.01, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower, the Administrative Agent and each Co-Administrative Agent and when the Administrative Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and, thereafter, shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent, each Co-Administrative Agent and each Lender and their respective successors and permitted assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. Assignments and Participations. (a) Each Lender may and,

if requested by the Borrower upon notice by the Borrower delivered to such Lender and the Administrative Agent pursuant to clause (ii) of Section 2.16, will, assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and any Note or Notes held

by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement, (ii) the sum of (A) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment and (B) the amount of the commitment being contemporaneously assigned under the Five-Year Credit Agreement by the Person that is such assigning Lender (in both cases determined as of the date of the Assignment and Acceptance or similar agreement with respect to such assignments) shall not be less than \$50,000,000 in the aggregate (unless such lesser amount is previously agreed among such assigning Lender, the Administrative Agent and the Borrower), provided, however, that if the aggregate amount of the Commitment of such assigning Lender hereunder and its commitment under the Five-Year Credit Agreement is less than \$50,000,000 on the date of such proposed assignments, such assigning Lender may assign all, but not less than all, of its remaining rights and obligations under this Agreement and the Five-Year Credit Agreement (unless an assignment of a portion of such assigning Lender's obligations hereunder and thereunder is otherwise previously agreed among such assigning Lender, the Administrative Agent and the Borrower), (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment (other than the Borrower) shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of \$3,000. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than any rights such Lender assignor may have under Sections 2.11, 2.14 and 8.08) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

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(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any of its subsidiaries or the performance or observance by the Borrower of any of its obligations under this Agreement or any instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in

Section 4.01(c)(i) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Administrative Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance and each Assumption Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee and, if applicable, the Borrower, together with any Note subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(e) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances owing to it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (iv) such Lender shall not agree in any participation agreement with any participant

or proposed participant to obtain the consent of such participant before

agreeing to the amendment, modification or waiver of any of the terms of this Agreement or any Note, before consenting to any action or failure to act by the Borrower or any other party hereunder or under any Note, or before exercising any rights it may have in respect thereof, unless such amendment, modification, waiver, consent or exercise would (A) increase the amount of such participant's portion of such Lender's Commitment, (B) reduce the principal amount of or rate of interest on the Advances or any fee or other amounts payable hereunder to which such participant would be entitled to receive a share under such participation agreement, or (C) postpone any date fixed for any payment of principal of or interest on the Advances or any fee or other amounts payable hereunder to which such participant would be entitled to receive a share under such participation agreement.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower in writing and directly related to the transactions contemplated hereunder; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrower received by it from such Lender in accordance with the terms of Section 8.09.

(g) No participation or assignment hereunder shall be made in violation of the Securities Act of 1933, as amended from time to time, or any applicable state securities laws, and each Lender hereby represents that it will make any Advance for its own account in the ordinary course of its business and not with a view to the public distribution or sale thereof.

(h) Anything in this Agreement to the contrary notwithstanding, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note issued to it hereunder) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System (or any successor regulation thereto) and the applicable operating circular of such Federal Reserve Bank.

SECTION 8.08. Indemnification. The Borrower agrees to indemnify and

hold harmless the Administrative Agent, each Co-Administrative Agent and each Lender and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding (whether or not an Indemnified Party is a party thereto) arising out of, related to or in connection with the Commitments hereunder or the Advances made pursuant hereto or any transactions done in connection herewith, including, without limitation, any transaction in which any proceeds of the Advances are, or are proposed, to

be applied (collectively, the "Indemnified Matters"); provided that the Borrower shall have no obligation to any Indemnified Party under this Section 8.08 with respect to (i) matters for which such Indemnified Party has been reimbursed by or on behalf of the Borrower pursuant to any other provision of this Agreement, but only to the extent of such reimbursement, or (ii) Indemnified Matters found by a court of competent jurisdiction to have resulted from the willful misconduct or gross negligence of such Indemnified Party. If any action is brought against any Indemnified Party, such Indemnified Party shall promptly notify the

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Borrower in writing of the institution of such action and the Borrower shall thereupon have the right, at its option, to elect to assume the defense of such action; provided, however, that the Borrower shall not, in assuming the defense of any Indemnified Party in any Indemnified Matter, agree to any dismissal or settlement of such Indemnified Matter without the prior written consent of such Indemnified Party, which consent shall not be unreasonably withheld, if such dismissal or settlement (A) would require any admission or acknowledgement of culpability or wrongdoing by such Indemnified Party or (B) would provide for any nonmonetary relief to any Person to be performed by such Indemnified Party. If the Borrower so elects, it shall promptly assume the defense of such action, including the employment of counsel (reasonably satisfactory to such Indemnified Party) and payment of expenses. Such Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (1) the employment of such counsel shall have been authorized in writing by the Borrower in connection with the defense of such action or (2) the Borrower shall not have properly employed counsel reasonably satisfactory to such Indemnified Party to have charge of the defense of such action, in which case such fees and expenses shall be paid by the Borrower. If an Indemnified Party shall have reasonably concluded (based upon the advice of counsel) that the representation by one counsel of such Indemnified Party and the Borrower creates a conflict of interest for such counsel, the reasonable fees and expenses of such counsel shall be borne by the Borrower and the Borrower shall not have the right to direct the defense of such action on behalf of such Indemnified Party (but shall retain the right to direct the defense of such action on behalf of the Borrower). Anything in this Section 8.08 to the contrary notwithstanding, the Borrower shall not be liable for the fees and expenses of more than one counsel for any Indemnified Party in any jurisdiction as to any Indemnified Matter or, except as specified in the second sentence of this Section 8.08, for any settlement of any Indemnified Matter effected without its written consent. All obligations of the Borrower under this Section 8.08 shall survive the making and repayment of the Advances and the termination of this Agreement.

SECTION 8.09. Confidentiality. Subject to the provisions of Section

8.07(f), each Lender shall, and shall instruct its Affiliates, successors, assigns, advisors, officers, employees, directors, agents, legal counsel and other professional advisors (the "Informed Parties") to, hold all nonpublic

information obtained pursuant to this Agreement in accordance with its customary procedures 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 a bona fide transferee or participant in connection with the contemplated transfer or participation or to another Lender or an Informed Party agreeing to hold such nonpublic information as confidential or as required or requested by law or to any governmental authority or representative thereof or pursuant to legal process; provided that unless specifically prohibited by applicable law or court order, each Lender shall notify the Borrower of any request by any governmental authority or representative thereof (other than any such request in connection with an examination of the financial condition of such Lender by such governmental authority) for disclosure of any such nonpublic information prior to disclosure of such information; and provided further that in no event shall any Lender be obligated or required to return any materials furnished by the Borrower.

SECTION 8.10. Consent to Jurisdiction and Service of Process. All

judicial proceedings brought against the Borrower with respect to this Agreement or any instrument or other documents delivered hereunder may be brought in any state or federal court in the Borough of Manhattan in the State of New York, and by execution and delivery of this Agreement, the Borrower accepts, for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of the aforesaid

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courts, and irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Agreement or any instrument or other document delivered hereunder from which no appeal has been taken or is available. The Borrower agrees to receive service of process in any such proceeding in any such court at its office at 114 Fifth Avenue, New York, New York 10011, Attention: Kenneth E. Newman (or at such other address in the Borough of Manhattan in the State of New York as the Borrower shall notify the Administrative Agent from time to time) and, if the Borrower ever ceases to maintain such office in the Borough of Manhattan, irrevocably designates and appoints CT Corporation System, 1633 Broadway, New York, New York 10019, or any other address in the State of New York communicated by CT Corporation System to the Administrative Agent, as its agent to receive on its behalf service of all process in any such proceeding in any such court, such service being hereby acknowledged by the Borrower to be effective and binding service in every respect.

SECTION 8.11. Governing Law. This Agreement shall be governed by, and

construed in accordance with, the laws of the State of New York.

SECTION 8.12. Execution in Counterparts. This Agreement may be executed

in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original

and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement. A full set of executed counterparts of this Agreement shall be lodged with the Administrative Agent and the Borrower.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE BORROWER

THE WALT DISNEY COMPANY

By: [SIGNATURE APPEARS HERE]

Title: Vice President and Assistant Treasurer

THE ADMINISTRATIVE AGENT

CITICORP USA, INC.,
as Administrative Agent

By: /s/ Steven R. Victorin

Title: Attorney-in-Fact

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THE CO-ADMINISTRATIVE AGENTS

CREDIT SUISSE,
as Co-Administrative Agent

By: /s/ Stephen M. Flynn

Title: Member of Senior Management

By: /s/ David J. Worthington

Title: Member of Senior Management

BANK OF AMERICA NATIONAL TRUST &
SAVINGS ASSOCIATION,
as Co-Administrative Agent

By: /s/ Matthew J. Koe

Title: Vice President

THE INITIAL LENDERS

Commitment

\$57,500,000.00

CITICORP USA, INC.

By: /s/ Steven R. Victorin

Title: Attorney-in-Fact

\$55,500,000.00

CREDIT SUISSE

By: /s/ Stephen M. Flynn

Title: Member of Senior Management

By: /s/ Marilou Palenzuela

Title: Member of Senior Management

\$55,500,000.00

BANK OF AMERICA NATIONAL TRUST &
SAVINGS ASSOCIATION

By: /s/ Matthew J. Koe

Title: Vice President

\$55,500,000.00

ABN AMRO BANK N.V.,
LOS ANGELES INTERNATIONAL BRANCH
BY: ABN AMRO NORTH AMERICA, INC.,
AS AGENT

By: /s/ Paul K. Stimpfl

Title: Vice President/Director

By: /s/ Kenneth T. Bowman

Title: Vice President/Director

\$55,500,000.00

BANCA COMMERCIALE ITALIANA,
LOS ANGELES FOREIGN BRANCH

By: [SIGNATURE APPEARS HERE]

Title: Vice President

By: [SIGNATURE APPEARS HERE]

Title: Vice President

\$55,500,000.00

BANKERS TRUST COMPANY

By: /s/ Gina S. Thompson

Title: Vice President

\$55,500,000.00

BANK OF MONTREAL, CHICAGO BRANCH

By: /s/ Karen Klapper

Title: Director

\$55,500,000.00

THE BANK OF NEW YORK

By: [SIGNATURE APPEARS HERE]

Title: Vice President

\$55,500,000.00

THE BANK OF NOVA SCOTIA

By: [SIGNATURE APPEARS HERE]

Title: Regional Manager

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\$55,500,000.00

BANQUE NATIONALE DE PARIS

By: [SIGNATURE APPEARS HERE]

Title: SVP & Manager

By: [SIGNATURE APPEARS HERE]

Title: Vice President

\$55,500,000.00

BANQUE PARIBAS

By: /s/ Jean-Yves Fillion /s/ Harry Collyns

Title: Vice President Vice President

\$55,500,000.00

BARCLAYS BANK PLC

By: [SIGNATURE APPEARS HERE]

Title: Associate Director

\$55,500,000.00

THE CHASE MANHATTAN BANK

By: /s/ John J. Huber

Title: Managing Director

\$55,500,000.00

THE DAI-ICHI KANGYO BANK, LTD.
LOS ANGELES AGENCY

By: /s/ Masatsugu Morishita

Title: Sr. Vice President &
Joint General Manager

\$55,500,000.00

DEUTSCHE BANK AG, NEW YORK
AND/OR CAYMAN ISLAND BRANCHES

By: /s/ J. Scott Jessup

Title: Vice President

By: /s/ Ross A. Howard

Title: Director

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\$55,500,000.00

THE FIRST NATIONAL BANK
OF CHICAGO

By: /s/ L. Gene Berile

Title: Senior Vice President

\$55,500,000.00

FIRST UNION NATIONAL BANK
OF NORTH CAROLINA

By: /s/ Jane W. Workman

Title: Senior Vice President

\$55,500,000.00

THE FUJI BANK, LIMITED,
LOS ANGELES AGENCY

By: /s/ Nobuhiro Umemura

Title: Joint General Manager

\$55,500,000.00

THE INDUSTRIAL BANK OF JAPAN,

LIMITED, LOS ANGELES AGENCY

By: /s/ Vicente Timiraos

Title: SVP

\$55,500,000.00

THE LONG-TERM CREDIT BANK
OF JAPAN, LTD., LOS ANGELES AGENCY

By: [SIGNATURE APPEARS HERE]

Title: Deputy General Manager

\$55,500,000.00

THE MITSUI TRUST & BANKING CO., LTD.

By: /s/ Margaret Holloway

Title: Vice President & Manager

\$55,500,000.00

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: /s/ Diana H. Imhof

Title: Vice President

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\$55,500,000.00

NATIONSBANK OF TEXAS, N.A.

By: /s/ Chas A. McDonell

Title: Vice President

\$55,500,000.00

ROYAL BANK OF CANADA

By: [SIGNATURE APPEARS HERE]

Title: Senior Manager

\$55,500,000.00

THE SAKURA BANK, LIMITED

By: /s/ Fernando Buesa

Title: Vice President

By: /s/ Ofusa Sato

Title: Senior Vice President &
Assistant General Manager

\$55,500,000.00

THE SANWA BANK, LIMITED

By: [SIGNATURE APPEARS HERE]

Title: Vice President

\$55,500,000.00

THE SUMITOMO BANK, LIMITED

By: [SIGNATURE APPEARS HERE]

Title:

\$55,500,000.00

THE SUMITOMO TRUST & BANKING
CO., LTD., LOS ANGELES AGENCY

By: /s/ Eleanor Chan

Title: Manager & Vice President

\$55,500,000.00

SUNTRUST BANK, CENTRAL FLORIDA,
NATIONAL ASSOCIATION

By: [SIGNATURE APPEARS HERE]

Title: First Vice President

\$55,500,000.00

SWISS BANK CORPORATION,
SAN FRANCISCO BRANCH

By: Hans-Ueli Surber

Title: Executive Director
Merchant Banking

By: /s/ Nang S. Peechaphand

Title: Associate Director Accounting

\$55,500,000.00

TORONTO DOMINION (TEXAS), INC.

By: /s/ Frederic B. Hawley

Title: Vice President

\$55,500,000.00

UNION BANK OF CALIFORNIA, N.A.

By: [SIGNATURE APPEARS HERE]

Title: Vice President-Manager

\$55,500,000.00

UNION BANK OF SWITZERLAND,
NEW YORK BRANCH

By: /s/ Laurent J. Chaix

Title: Vice President

By: /s/ Stephen A. Cayer

Title: Assistant Treasurer

\$55,500,000.00

WACHOVIA BANK OF GEORGIA, N.A.

By: /s/ Joel K. Wood

Title: Vice President

\$55,500,000.00

WELLS FARGO BANK, N.A.

By: [SIGNATURE APPEARS HERE]

Title: Senior Vice President

By: [SIGNATURE APPEARS HERE]

Title: Vice President

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\$55,500,000.00

THE YASUDA TRUST
& BANKING CO., LTD.

By: /s/ Makota Lagawa

Title: Deputy General Manager

\$2,000,000,000

TOTAL OF COMMITMENTS

=====

FIVE-YEAR CREDIT AGREEMENT

Dated as of October 30, 1996

Among

THE WALT DISNEY COMPANY

as Borrower

and

THE FINANCIAL INSTITUTIONS NAMED HEREIN

as Lenders

and

CITICORP USA, INC.

as Administrative Agent

and

CREDIT SUISSE

and

BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION

as Co-Administrative Agents

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SCHEDULE

Schedule I - List of Applicable Lending Offices

EXHIBITS

- Exhibit A - Form of Notice of Borrowing
- Exhibit B - Form of Assignment and Acceptance
- Exhibit C - Form of Opinion of Assistant General Counsel of the Borrower
- Exhibit D-1 - Form of Foreign Lender Certificate
- Exhibit D-2 - Form of Foreign Lender Certificate

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FIVE-YEAR CREDIT AGREEMENT

Dated as of October 30, 1996

THE WALT DISNEY COMPANY, a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") listed on the signature pages hereof under the heading "The Initial Lenders", CITICORP USA, INC., a Delaware corporation ("CUSA"), as administrative agent (together with any successor Administrative Agent appointed pursuant to Article VII, the "Administrative Agent") for the Lenders (as hereinafter defined) hereunder, and CREDIT SUISSE, a Swiss banking corporation ("Credit Suisse"), and BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION, a national banking corporation ("Bank of America"), as co-administrative agents (the "Co-Administrative Agents") for the Lenders hereunder, hereby agree as follows:

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the

following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ABC" means ABC, Inc. (successor in interest to Capital Cities/ABC, Inc.), a New York corporation and a wholly owned subsidiary of the Borrower, or any successor thereto.

"Administrative Agent" has the meaning specified in the recital of parties to this Agreement.

"Administrative Agent's Account" means such account of the Administrative Agent maintained by the Administrative Agent at the office of Citibank at 399 Park Avenue, New York, New York 10043, as the Administrative Agent shall notify the Borrower and the Lenders from time to time.

"Advance" means an advance by a Lender to the Borrower as part of a Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "Type" of Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with

such Person or is a director or officer of such Person.

"Agreement" means this Five-Year Credit Agreement, as it may be amended, supplemented or otherwise modified from time to time in accordance with Section 8.01.

"Anniversary Date" means February 15, 1998 and February 15 in each succeeding calendar year occurring during the term of this Agreement.

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"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent and the Borrower, in substantially the form of Exhibit B hereto.

"Assuming Lender" has the meaning specified in Section 2.19(d).

"Assumption Agreement" has the meaning specified in Section 2.19(d) (ii).

"Bank of America" has the meaning specified in the recital of parties to this Agreement.

"Base Rate" means, for each day in any period, a fluctuating interest rate per annum as shall be in effect from time to time, which rate per annum shall at all times for such day during such period be equal to the highest of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate in effect for such day;

(b) the sum (adjusted to the nearest 1/4 of one percent or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent) of (i) 0.50%, (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted on the basis of a year of 365 or 366 days, as the case may be) being determined weekly on each Monday (or, if any such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall

be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor thereto) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank in respect of liabilities consisting of or including (among other liabilities) three-month U.S. dollar nonpersonal time deposits in the United States, and (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor thereto) for insuring U.S. dollar deposits of Citibank in the United States; and

(c) 0.50% per annum above the Federal Funds Rate for such day.

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"Base Rate Advance" means an Advance which bears interest as provided in Section 2.06(a)(i).

"Borrowing" means a borrowing consisting of simultaneous Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"Business Day" means a day of the year on which banks are not required or authorized to close in Los Angeles, California, or New York City, New York, or San Francisco, California, or, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Citibank" means Citibank, N.A., a national banking association.

"Co-Administrative Agents" has the meaning specified in the recital of parties to this Agreement.

"Commitment" has the meaning specified in Section 2.01.

"Commitment Date" has the meaning specified in Section 2.19(b).

"Commitment Increase" has the meaning specified in Section 2.19(a).

"Consenting Lender" has the meaning specified in Section 2.20(b).

"Consolidated EBITDA" means, for any period, (a) net income or net loss, as the case may be, of the Borrower and its subsidiaries on a consolidated basis for such period, as determined in accordance with GAAP for such period, plus (b) the sum of all amounts which, in the

determination of such consolidated net income or net loss, as the case may be, for such period, have been deducted for (i) Consolidated Interest Expense, (ii) consolidated income tax expense, (iii) consolidated depreciation expense, and (iv) consolidated amortization expense, in each case determined in accordance with GAAP for such period.

"Consolidated Interest Expense" means, for any period, total interest expense of the Borrower and its subsidiaries with respect to all outstanding Debt of the Borrower and its subsidiaries during such period, all as determined on a consolidated basis for such period and in accordance with GAAP for such period.

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of another Type pursuant to Section 2.08 or 2.09.

"Credit Suisse" has the meaning specified in the recital of parties to this Agreement.

"CUSA" has the meaning specified in the recital of parties to this Agreement.

"Debt" means, with respect to any Person: (a) indebtedness for borrowed money, (b) obligations evidenced by bonds, debentures, notes or other similar instruments, (c) obligations

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to pay the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (d) obligations as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases and (e) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of any other Person of the kinds referred to in clauses (a) through (d) above.

"Disney" means Disney Enterprises, Inc., a Delaware corporation and a wholly owned subsidiary of the Borrower, or any successor thereto.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Acceptance, as the case may be, pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent for such purpose.

"Effective Date" has the meaning specified in Section 3.01.

"Eligible Assignee" means (a) a Lender or any Affiliate of a Lender or

(b) any bank or other financial institution, or any other Person, which has been approved in writing by the Borrower and the Administrative Agent as an Eligible Assignee for purposes of this Agreement; provided, however, that neither the Borrower's approval nor the Administrative Agent's approval shall be unreasonably withheld; and provided further, however, that the Borrower may withhold its approval if the Borrower reasonably believes that an assignment to such Eligible Assignee pursuant to Section 8.07 will result in the incurrence of increased costs payable by the Borrower pursuant to Section 2.11 or 2.14.

"Environmental Claim" means any administrative, regulatory or judicial action, suit, demand, claim, lien, notice or proceeding relating to any Environmental Law or any Environmental Permit.

"Environmental Law" means any federal, state or local statute, law, rule, regulation, ordinance, code or duly promulgated policy or rule of common law, now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof, including any order, consent decree or judgment, relating to the environment, health, safety or any Hazardous Material.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any applicable Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended.

"ERISA Event" means: (a) (i) the occurrence with respect to a Plan of a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the Pension Benefit Guaranty Corporation or (ii) the provisions of paragraph (1) of Section 4043(b) of ERISA (without regard to paragraph (2) of such Section) are applicable with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA could reasonably be expected to occur with respect to such Plan within the following 30 days; (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (c) the cessation of operations by the

Borrower or any ERISA Affiliate at a facility in the circumstances described in Section 4062(e) of ERISA; (d) the withdrawal by the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (e) the failure by the Borrower or any ERISA Affiliate to make a payment to a Plan described in Section 302(f)(1)(A) of ERISA; (f) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (g) the institution by the Pension Benefit Guaranty Corporation of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which is reasonably likely to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Acceptance, as the case may be, pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent for such purpose.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a period equal to such Interest Period and in an amount substantially equal to such Reference Bank's (or, in the case of Citibank, CUSA's) Eurodollar Rate Advance comprising part of such Borrowing. The Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing shall be determined by the Administrative Agent on the basis of applicable rates furnished to and received by the Administrative Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

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"Eurodollar Rate Advance" means an Advance which bears interest as provided in Section 2.06(a)(ii).

"Eurodollar Rate Margin" means, as of any date, a percentage per annum

determined by reference to the Public Debt Rating in effect on such date as set forth below:

<TABLE>
<CAPTION>

Public Debt Rating S&P/Moody's	Applicable Margiin
<S> Level 1 ----- AA-/Aa3 or above	<C> 0.100%
Level 2 ----- Lower than AA-/Aa3 but at least A/A2	 0.115%
Level 3 ----- Lower than A/A2 but at least A-/A3	 0.130%
Level 4 ----- Lower than A-/A3 or no Public Debt Rating in effect	 0.160%

</TABLE>

"Eurodollar Rate Reserve Percentage" means, with respect to any Lender for any Interest Period for any Eurodollar Rate Advance, the reserve percentage applicable during such Interest Period (or, if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor thereto) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Existing Credit Agreements" means, collectively, (a) the 364-Day Credit Agreement dated as of October 31, 1995 among DC Holdco, Inc. (predecessor in interest to The Walt Disney Company), the financial

institutions party thereto, CUSA, as the administrative agent thereunder, and Credit Suisse, as the co-administrative agent thereunder, as amended, supplemented or otherwise modified to (but not including) the Effective Date, and (b) the Five-Year Credit Agreement dated as of October 31, 1995 among DC Holdco, Inc. (predecessor in interest to The Walt Disney Company), the financial institutions party thereto, CUSA, as the administrative agent thereunder, and Credit Suisse, as the co-administrative agent thereunder, as amended, supplemented or otherwise modified to (but not including) the Effective Date.

"Extension Date" has the meaning specified in Section 2.20(b).

"Facility Fee Percentage" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

<TABLE>
<CAPTION>

Public Debt Rating S&P/Moody's	Percentage
<S>	<C>
Level 1 ----- AA-/Aa3 or above	0.050%
Level 2 ----- Lower than AA-/Aa3 but at least A/A2	0.060%
Level 3 ----- Lower than A/A2 but at least A-/A3	0.070%
Level 4 ----- Lower than A-/A3 or no Public Debt Rating in effect	0.090%

</TABLE>

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum 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 immediately 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.

"GAAP" means generally accepted accounting principles consistent with those applied in the preparation of the audited financial statements referred to in Section 4.01(c)(i) dated September 30, 1995, subject, however, to the provisions of Section 1.03.

"Hazardous Material" means (a) any petroleum or petroleum product, natural or synthetic gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, or radon gas, (b) any substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "toxic substances", "contaminants" or "pollutants", or words of similar import, under any applicable Environmental Law or (c) any other substance to which exposure is regulated by any governmental or regulatory authority.

"Increase Date" has the meaning specified in Section 2.19(a).

"Increasing Lender" has the meaning specified in Section 2.19(b).

"Indemnified Matters" has the meaning specified in Section 8.08.

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"Indemnified Party" has the meaning specified in Section 8.08.

"Informed Parties" has the meaning specified in Section 8.09.

"Initial Lender" has the meaning specified in the recital of parties to this Agreement.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Rate Advance or on the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three, six or, if generally available to all of the Lenders, twelve months as the Borrower may, upon notice received by the Administrative Agent not later than 1:00 P.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(i) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration;

(ii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that if such extension would cause the last day of such Interest Period to occur in the next succeeding calendar month, the last day of such Interest Period shall occur on the immediately preceding Business Day;

(iii) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month; and

(iv) the Borrower may not select for any Advance any Interest Period which ends after the scheduled Termination Date then in effect.

"IRS" has the meaning specified in Section 2.14(e).

"Lenders" means, collectively, each Initial Lender, each Assuming Lender that shall become a party hereto pursuant to Section 2.19 or 2.20 and each Eligible Assignee that shall become a party hereto pursuant to Section 8.07; provided, however, that for purposes of any determination to be made under Section 2.07, 2.11, 2.12 or 8.04(b) with respect to CUSA, in its capacity as a Lender, the term "Lenders" shall be deemed to include Citibank.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement which has the same effect as a lien or security interest.

"Majority Lenders" means, at any time, Lenders owed at least a majority in interest of the aggregate unpaid principal amount of the Advances owing to the Lenders at such time, or, if no such principal amount is outstanding at such time, Lenders having at least a majority in interest of the Commitments at such time; provided, however, that neither the Borrower nor any of its Affiliates, if a Lender, shall be included in the determination of the Majority Lenders at any time.

"Material Subsidiary" means, at any date of determination, a subsidiary of the Borrower that, either individually or together with its subsidiaries, taken as a whole, has total assets exceeding \$100,000,000 on

such date.

"Measurement Period" means, at any date of determination, the most recently completed four consecutive fiscal quarters of the Borrower on or immediately prior to such date.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (i) is maintained for employees of the Borrower or any ERISA Affiliate and at least one Person other than the Borrower and the ERISA Affiliates or (ii) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Non-Consenting Lender" has the meaning specified in Section 2.20(b).

"Note" has the meaning specified in Section 2.17.

"Notice of Borrowing" has the meaning specified in Section 2.02(a).

"Other Taxes" has the meaning specified in Section 2.14(b).

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Public Debt Rating" means, as of any date of determination, the higher rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced long-term senior unsecured public debt issued by the Borrower. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Eurodollar Rate Margin and the Facility Fee Percentage shall be determined by

reference to the available rating; (b) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Eurodollar Rate Margin and the

Facility Fee Percentage will be set in accordance with Level 4 under the definition of "Eurodollar Rate Margin" or "Facility Fee Percentage", as the case may be; (c) if the ratings established by S&P and Moody's shall fall within different levels, the Eurodollar Rate Margin and the Facility Fee Percentage shall be based upon the higher rating; (d) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Reference Banks" means Citibank, Credit Suisse, Bank of America and Barclays Bank PLC, or, in the event that less than two of such banks remain Lenders hereunder at any time, any other commercial bank designated by the Borrower and approved by the Majority Lenders as constituting a "Reference Bank" hereunder.

"Register" has the meaning specified in Section 8.07(c).

"S&P" means Standard & Poor's Ratings Group or any successor thereto.

"SEC" has the meaning specified in Section 5.01(e)(i).

"Significant Subsidiary" means any subsidiary of the Borrower or any of its subsidiaries that constitutes a "significant subsidiary" under Rule 405 promulgated by the SEC under the Securities Act of 1933, as amended.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (i) is maintained for employees of the Borrower or an ERISA Affiliate and no Person other than the Borrower and the ERISA Affiliates or (ii) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Taxes" has the meaning specified in Section 2.14(a).

"Termination Date" means the earlier of (a) February 15, 2002, subject to the extension thereof pursuant to Section 2.20, and (b) the date of termination in whole of the aggregate Commitments pursuant to Section 2.04 or 6.01; provided, however, that the Termination Date of any Lender that is a Non-Consenting Lender to any requested extension pursuant to Section 2.20 shall be the Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement.

"364-Day Credit Agreement" means the 364-Day Credit Agreement being entered into on the date of this Agreement among the Borrower, the banks, financial institutions and other institutional lenders party thereto, CUSA, as the administrative agent thereunder, and Credit

Suisse and Bank of America, as the co-administrative agents thereunder, as such agreement may be amended, supplemented or otherwise modified hereafter from time to time.

"Type" has the meaning specified in the definition of "Advance".

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

SECTION 1.02. Computation of Time Periods. In this Agreement in the

computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically

defined herein shall be construed in accordance with GAAP; provided, however, that if any changes in accounting principles from those used in the preparation of the financial statements referred to in Section 4.01(c)(i) dated September 30, 1995 hereafter occur by reason of the promulgation of rules, regulations, pronouncements, opinions or other requirements of the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions) and result in a change in the method of calculation of financial covenants or the terms related thereto contained in this Agreement, the Borrower shall, at its option, (i) furnish to the Administrative Agent, together with each delivery of the consolidated financial statements of the Borrower and its subsidiaries required to be delivered pursuant to Section 5.01(e), a written reconciliation setting forth the differences that would have resulted if such financial statements had been prepared utilizing accounting principles and policies in conformity with those used to prepare the financial statements referred to in Section 4.01(c)(i) dated September 30, 1995 or (ii) enter into negotiations with the Administrative Agent and the Lenders to amend such financial covenants or terms equitably to reflect such changes so that the criteria for evaluating the financial condition of the Borrower and its subsidiaries shall be the same after such changes as if such changes had not been made; provided, however, that at all times in the case of clause (i) above, and in the case of clause (ii) above until the amendment referred to in such clause (ii) becomes effective, all covenants and related calculations under this Agreement shall be performed, observed and determined as though no such changes in accounting principles had been made.

ARTICLE II
AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Advances. Each Lender severally agrees, on the

terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate amount not to exceed at any time outstanding the amount set forth opposite such Lender's name on the signature pages hereof or, if such Lender has become a Lender hereunder pursuant to an Assumption Agreement, the amount set forth as the Commitment of such Lender in such Assumption Agreement or, if such Lender has entered into an Assignment and Acceptance, the amount set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), as such amount may be reduced pursuant to Section 2.04 or increased pursuant to Section 2.19 (such Lender's "Commitment"). Each Borrowing shall be in an aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and shall consist of Advances of the same Type made on the same day by the Lenders ratably

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according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower from time to time may borrow under this Section 2.01, prepay pursuant to Section 2.10 and reborrow under this Section 2.01.

SECTION 2.02. Making the Advances. (a) Each Borrowing shall be made

on notice, given not later than 11:00 A.M. (New York City time) on the same Business Day as the date of a proposed Borrowing comprised of Base Rate Advances and not later than 1:00 P.M. (New York City time) on the third Business Day prior to the date of a proposed Borrowing comprised of Eurodollar Rate Advances, by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier or telex. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telecopier or telex, or by telephone, confirmed immediately by telecopier or telex, in substantially the form of Exhibit A hereto, specifying therein the requested (i) date of such Borrowing (which shall be a Business Day), (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing comprised of Eurodollar Rate Advances, initial Interest Period for each such Advance. Each Lender shall, before 1:00 P.M. (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower at the office where the Administrative Agent's Account is maintained.

(b) Anything in subsection (a) above or Section 2.01 to the contrary notwithstanding, the Borrower may not select Eurodollar Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than \$20,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall be suspended at such time pursuant to Section 2.08.

(c) Each Notice of Borrowing shall be irrevocable and binding on the

Borrower. In the case of any Borrowing which the related Notice of Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that any Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender agrees to pay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Administrative Agent, at the Federal Funds Rate; provided, however, that (i) within two Business Days after any Lender shall fail to make such ratable portion available to the Administrative Agent, the Administrative Agent shall notify the Borrower of such failure

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and (ii) if such Lender shall not have paid such corresponding amount to the Administrative Agent within two Business Days after such demand is made of such Lender by the Administrative Agent, the Borrower agrees to repay to the Administrative Agent forthwith, upon demand by the Administrative Agent to the Borrower, such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to Advances comprising such Borrowing. If and to the extent such corresponding amount shall be paid by such Lender to the Administrative Agent in accordance with this Section 2.02(d), such amount so paid shall constitute such Lender's Advance as part of such Borrowing for all purposes of this Agreement.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Facility Fee. The Borrower agrees to pay to each Lender

a facility fee on the average daily amount (whether used or unused) of such Lender's Commitment from the Effective Date, in the case of each Initial Lender, and from the later of (a) the Effective Date and (b) the effective date specified in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender, in the case of each other Lender, until, in each case, the Termination Date, payable quarterly in arrears on the first Business Day of each January, April, July and October during the term of such Lender's Commitment, commencing January 2, 1997, and on the Termination Date, at the rate per annum equal to the Facility Fee Percentage in effect from time to time.

SECTION 2.04. Reduction of the Commitments. The Borrower shall have

the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that each partial reduction shall be in the aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof.

SECTION 2.05. Repayment of Advances. The Borrower shall repay to each

Lender on the Termination Date the aggregate principal amount of the Advances owing to such Lender on such date.

SECTION 2.06. Interest on Advances. (a) Scheduled Interest. The

Borrower shall pay to each Lender interest on the unpaid principal amount of each Advance owing to such Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base

Rate Advance, a rate per annum equal at all times to the remainder of (A) the Base Rate in effect from time to time minus (B) the Facility Fee Percentage in effect from time to time, payable quarterly in arrears on the first Business Day of each January, April, July and October and during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Advance is

a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (A) the Eurodollar Rate for such Interest Period for such Advance and (B) the

Eurodollar Rate Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on the date which occurs three months and, if applicable, six months, nine months and twelve months after the

first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. The Borrower shall pay interest on the unpaid

principal amount of each Advance that is not paid when due and on the unpaid amount of all interest, fees and other amounts payable hereunder that is not paid when due, payable on demand, at a rate per annum equal at all times to (i) in the case of any amount of principal, the greater of (x) 2% per annum above the rate per annum required to be paid on such Advance immediately prior to the date on which such amount became due and (y) 2% per annum above the Base Rate in effect from time to time and (ii) to the fullest extent permitted by law, in the case of all other amounts, 2% per annum above the Base Rate in effect from time to time.

SECTION 2.07. Additional Interest on Eurodollar Rate Advances. The

Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the applicable Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and notified in reasonable detail to the Borrower through the Administrative Agent.

SECTION 2.08. Interest Rate Determination. (a) Each Reference Bank

agrees to furnish to the Administrative Agent timely information for the purpose of determining each Eurodollar Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

(b) The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.06(a) (i) or (a) (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the applicable interest rate under Section 2.06(a) (ii).

(c) If fewer than two Reference Banks furnish timely information to the Administrative Agent for purposes of determining the Eurodollar Rate for any Eurodollar Rate Advances, (i) the Administrative Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances, (ii) each such Advance will automatically, on the

last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or, if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and (iii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until

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the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(d) If, with respect to any Eurodollar Rate Advances, the Majority Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders (which cost each such Majority Lender reasonably determines in good faith is material) of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon, unless the Eurodollar Rate Margin shall be increased to reflect such costs as determined by such Majority Lenders and as agreed by the Borrower, (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Majority Lenders shall notify the Administrative Agent, and the Administrative Agent shall in turn notify the Borrower and the Lenders, that the circumstances causing such suspension no longer exist. The Administrative Agent shall use reasonable efforts to determine from time to time whether the circumstances causing such suspension no longer exist and, promptly after the Administrative Agent knows that the circumstances causing such suspension no longer exist, the Administrative Agent shall so notify the Borrower and the Lenders.

(e) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(f) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$20,000,000, such Eurodollar Rate Advances shall automatically Convert into Base Rate Advances and, on and after such date, the right of the Borrower to Convert such Advances into Eurodollar Rate Advances shall terminate; provided, however, that if and so long as each such Eurodollar Rate Advance shall have the same Interest Period as Eurodollar Rate Advances comprising another Borrowing or Borrowings, and the aggregate unpaid principal amount of all such Eurodollar Rate Advances shall equal or exceed \$20,000,000, the Borrower shall have the right to continue all such Eurodollar Rate Advances as, or to Convert all such Advances into, Eurodollar

Rate Advances having such Interest Period.

(g) Upon the occurrence and during the continuance of any Event of Default under Section 6.01(a), (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

SECTION 2.09. Optional Conversion of Advances. The Borrower may on

any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the same Business Day as the date of the proposed Conversion in the case of a Conversion of Eurodollar Rate Advances into Base Rate Advances, and not later than 1:00 P.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion in the case of a Conversion of Base Rate Advances into Eurodollar Rate Advances or of Eurodollar Rate Advances of one Interest Period into Eurodollar Rate Advances of another Interest Period, as the case may be, and subject to the provisions

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of Sections 2.08, 2.09 and 2.12, Convert all Advances of one Type comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of any Eurodollar Rate Advances into Base Rate Advances or into Eurodollar Rate Advances of another Interest Period shall be made on, and only on, the last day of an Interest Period for such Eurodollar Rate Advances. Promptly upon receipt from the Borrower of a notice of a proposed Conversion hereunder, the Administrative Agent shall give notice of such proposed Conversion to each Lender. Each such notice of a Conversion shall, within the restrictions set forth above, specify (i) the date of such Conversion (which shall be a Business Day), (ii) the Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. The Borrower may Convert all Eurodollar Rate Advances of any one Lender into Base Rate Advances of such Lender in accordance with the provisions of Section 2.12 by complying with the procedures set forth therein and in this Section 2.09 as though each reference in this Section 2.09 to Advances of any Type was to such Advances of such Lender. Each such notice of Conversion shall, subject to the provisions of Sections 2.08 and 2.12, be irrevocable and binding on the Borrower.

SECTION 2.10. Prepayments of Advances. The Borrower may, upon not

less than the same Business Day's notice to the Administrative Agent received not later than 11:00 A.M. (New York City time) in the case of Borrowings consisting of Base Rate Advances and upon at least three Business Days' notice to the Administrative Agent received not later than 1:00 P.M. (New York City time) in the case of Borrowings consisting of Eurodollar Rate Advances, stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of

the Advances constituting part of the same Borrowings in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (a) each partial prepayment shall be in an aggregate principal amount of \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof, and (b) in the case of any such prepayment of Eurodollar Rate Advances, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(b).

SECTION 2.11. Increased Costs. (a) If after the date hereof, due to

either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements included in the Eurodollar Rate Reserve Percentage) in or in the interpretation of any law or regulation or (ii) the compliance with any hereafter promulgated guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost (excluding any allocation of corporate overhead) to any Lender (which cost such Lender reasonably determines in good faith is material) of agreeing to make or making, funding or maintaining Eurodollar Rate Advances, then such Lender shall so notify the Borrower promptly after such Lender knows of such increased cost and determines that such cost is material and the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate of such Lender as to the amount of such increased cost in reasonable detail and stating the basis upon which such amount has been calculated and certifying that such Lender's method of allocating such costs is fair and reasonable and that such Lender's demand for payment of such costs hereunder is not inconsistent with its treatment of other borrowers which, as a credit matter, are substantially similar to the Borrower and which are subject to similar provisions, submitted to the Borrower and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

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(b) If, after the date hereof, either (i) the introduction of or change in or in the interpretation of any law or regulation or (ii) the compliance by any Lender with any hereafter promulgated guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and the amount of such capital is materially increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, then such Lender shall so notify the Borrower promptly after such Lender makes such determination and, upon demand by such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall pay to such Lender within five days from the date of such demand, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender

reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate of such Lender as to such amount in reasonable detail and stating the basis upon which such amount has been calculated and certifying that such Lender's method of allocating such increase of capital is fair and reasonable and that such Lender's demand for payment of such increase of capital hereunder is not inconsistent with its treatment of other borrowers which, as a credit matter, are substantially similar to the Borrower and which are subject to similar provisions, submitted to the Borrower and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(c) The Borrower shall not be obligated to pay under this Section 2.11 any amounts which relate to costs or increases of capital incurred prior to the 12 months immediately preceding the date of demand for payment of such amounts, unless the applicable law, regulation, guideline or request resulting in such costs or increases of capital is imposed retroactively. In the case of any law, regulation, guideline or request which is imposed retroactively, the Lender making demand for payment of any amount under this Section 2.11 shall notify the Borrower not later than 12 months from the date that such Lender should reasonably have known of such law, regulation, guideline or request and the Borrower's obligation to compensate such Lender for such amount is contingent upon such Lender's so notifying the Borrower; provided, however, that any failure by such Lender to provide such notice shall not affect the Borrower's obligations under this Section 2.11 with respect to amounts resulting from costs or increases of capital incurred after the date which occurs 12 months immediately preceding the date on which such Lender notified the Borrower of such law, regulation, guideline or request.

(d) If any Lender shall subsequently recoup any costs (other than from the Borrower) for which such Lender has theretofore been compensated by the Borrower under this Section 2.11, such Lender shall remit to the Borrower an amount equal to the amount of such recoupment. Amounts required to be paid by the Borrower pursuant to this Section 2.11 shall be paid in addition to, and without duplication of, any amounts required to be paid pursuant to Section 2.14.

SECTION 2.12. Illegality. Notwithstanding any other provision of this

Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation after the date hereof makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of such Lender to make, or to Convert Base Rate Advances into, Eurodollar Rate Advances shall be suspended until such Lender shall notify the Administrative Agent, and the Administrative Agent shall notify the Borrower and the other Lenders (which notice shall

be given promptly after the Administrative Agent knows that the circumstances causing such suspension no longer exist), that the circumstances causing such suspension no longer exist and (ii) the Borrower shall forthwith prepay in full all Eurodollar Rate Advances of such Lender then outstanding, together with interest accrued thereon, unless the Borrower, within five Business Days of notice from the Administrative Agent or, if permitted by law, on and as of the last day of the then existing Interest Period for such Eurodollar Rate Advances, Converts all Eurodollar Rate Advances of such Lender then outstanding into Base Rate Advances in accordance with Section 2.09.

SECTION 2.13. Payments and Computations. (a) The Borrower shall make

each payment hereunder and under the Notes, if any, not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Sections 2.07, 2.11, 2.14, 8.04 and 8.08) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon any Assuming Lender becoming a Lender hereunder as a result of a Commitment Increase pursuant to Section 2.19 or an extension of the Termination Date pursuant to Section 2.20, and upon the Administrative Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Increase Date or Extension Date, as the case may be, the Administrative Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the Notes, if any, issued in connection therewith in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on clause (a) or (b) of the definition of "Base Rate" shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of facility fees shall be made by the Administrative Agent, and all computations of additional interest pursuant to Section 2.07 shall be made by a Lender, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or facility fees are payable. Each determination by the Administrative Agent (or, in the case of Section 2.07, by a Lender) of an interest rate hereunder shall be conclusive and binding for all purposes, absent

manifest error.

(c) Whenever any payment hereunder or under the Notes, if any, shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or facility fees, as the case may be; provided, however, that if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the immediately preceding Business Day.

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(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.14. Taxes. (a) Any and all payments by the Borrower

hereunder or under the Notes, if any, shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Administrative Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender or the Administrative Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof or by any other jurisdiction in which such Lender or the Administrative Agent is doing business that is unrelated to this Agreement (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall

make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under the Notes, if any, or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Notes, if any (hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify each Lender and the Administrative Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.14) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties to the extent not imposed as a result of such Lender's or the Administrative Agent's (as the case may be) gross negligence or willful misconduct, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor.

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(d) Within 30 days after the date of any payment of Taxes, the Borrower will furnish to the Administrative Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing payment thereof.

(e) Each Lender that is not created or organized under the laws of the United States or a political subdivision thereof shall deliver to the Borrower and the Administrative Agent on or prior to the date of its execution and delivery of this Agreement, and each such Lender that is not a party hereto on the date hereof shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender pursuant to Section 2.19, 2.20 or 8.07 (as the case may be), a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender in substantially the form set out in Exhibit D-1 or D-2 hereto, as applicable, to the effect that such Lender is eligible under the provisions of an applicable tax treaty concluded by the United States (in which case the certificate shall be accompanied by two executed copies of Form 1001 (or any successor or substitute form or forms) of the Internal Revenue Service (the "IRS") of the United States), or under Section 1441(c) or 1442 of the Internal Revenue Code (in which case the certificate shall be accompanied by two copies of IRS Form 4224 (or any successor or substitute form or forms) of the IRS), to receive, as of the date hereof or as of the date such party becomes a Lender hereto pursuant to Section 2.19, 2.20 or 8.07 (as the case may be), as appropriate, payments hereunder without deduction or withholding of United States federal income tax. Each such Lender further agrees to deliver to the Borrower and the

Administrative Agent from time to time, as reasonably requested by the Borrower or the Administrative Agent, and in any case before or promptly upon the occurrence of any events requiring a change in the most recent certificate previously delivered pursuant to this Section 2.14(e), a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender in substantially the form set out in Exhibit D-1 or D-2 hereto, as applicable. Further, each Lender that delivers a certificate in the form set out in Exhibit D-1 hereto agrees, to the extent permitted by law, to deliver to the Borrower and the Administrative Agent within 15 days prior to every third anniversary of the date of delivery of the initial IRS Form 1001 by such Lender (or more often if required by law) on which this Agreement is still in effect, two accurate and complete original signed copies of IRS Form 1001 (or any successor or substitute form or forms required under the Internal Revenue Code or the applicable regulations promulgated thereunder) and a certificate in the form set out in such Exhibit D-1, and each Lender that delivers a certificate in the form set out in Exhibit D-2 hereto agrees to deliver to the Borrower and the Administrative Agent, to the extent permitted by law, within 15 days prior to the beginning of each subsequent taxable year of such Lender (or more often if required by law) during which this Agreement is still in effect, two accurate and complete original signed copies of IRS Form 4224 (or any successor or substitute form or forms required under the Internal Revenue Code or the applicable regulations promulgated thereunder) and a certificate in the form of such Exhibit D-2. Each such certificate shall certify as to one of the following:

(i) that such Lender is eligible to receive payments hereunder without deduction or withholding of United States federal income tax;

(ii) that such Lender is not eligible to receive payments hereunder without deduction or withholding of United States federal income tax as specified therein but does not require additional payments therefor pursuant to Section 2.14(a) or (c) because it is eligible and able to recover the full amount of any such deduction or withholding from a source other than the Borrower; or

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(iii) that such Lender is not eligible to receive payments hereunder without deduction or withholding of United States federal income tax as specified therein and that it is not eligible and able to recover the full amount of the same from a source other than the Borrower.

If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by IRS Form 1001 or 4224, that any Lender reasonably considers to be confidential, such Lender promptly shall give notice thereof to the Borrower and the Administrative Agent and shall not be obligated to include in such form or document such confidential information; provided that such Lender certifies to the Borrower that the failure to disclose such confidential information does not increase the

obligations of the Borrower under this Section 2.14.

(f) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.14 shall survive the payment in full of principal and interest on all Advances and the termination of this Agreement until such date as all applicable statutes of limitations (including any extensions thereof) have expired with respect to such agreements and obligations of the Borrower contained in this Section 2.14.

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall obtain any

payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances made by it (other than pursuant to Section 2.07, 2.11, 2.14, 8.04 or 8.08) in excess of its ratable share of payments on account of the Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery, together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.16. Mandatory Assignment by a Lender; Mitigation. If any

Lender requests from the Borrower either payment of additional interest on Eurodollar Rate Advances pursuant to Section 2.07, or reimbursement for increased costs pursuant to Section 2.11, or payment of or reimbursement for Taxes pursuant to Section 2.14, or if any Lender notifies the Administrative Agent that it is unlawful for such Lender or its Eurodollar Lending Office to perform its obligations hereunder pursuant to Section 2.12, (i) such Lender will, upon three Business Days' notice by the Borrower to such Lender and the Administrative Agent, to the extent not inconsistent with such Lender's internal policies and applicable legal and regulatory restrictions, use reasonable efforts to make, fund or maintain its Eurodollar Rate Advances through another Eurodollar Lending Office of such Lender if (A) as a result thereof the additional amounts required to be paid pursuant to Section 2.07, 2.11 or 2.14, as applicable, in respect of such Eurodollar Rate Advances would be materially reduced or the provisions of Section 2.12 would not apply to such Lender, as applicable, and (B) as determined by such Lender in good faith

but in its sole discretion, the making or maintaining of such Eurodollar Rate Advances through such other Eurodollar Lending Office would not otherwise materially and adversely affect such Eurodollar Rate Advances or such Lender and (ii) unless such Lender has theretofore taken steps to remove or cure, and has removed or cured, the conditions creating such obligation to pay such additional amounts or the circumstances described in Section 2.12, the Borrower may designate an Eligible Assignee to purchase for cash (pursuant to an Assignment and Acceptance) all, but not less than all, of the Advances then owing to such Lender and all, but not less than all, of such Lender's rights and obligations hereunder, without recourse to or warranty by, or expense to, such Lender, for a purchase price equal to the outstanding principal amount of each such Advance then owing to such Lender plus any accrued but unpaid interest thereon and any accrued but unpaid facility fees owing thereto and, in addition, (A) all additional costs reimbursements, expense reimbursements and indemnities, if any, owing in respect of such Lender's Commitment hereunder, and all other accrued and unpaid amounts owing to such Lender hereunder, at such time shall be paid to such Lender and (B) if such Eligible Assignee is not otherwise a Lender at such time, the applicable processing and recordation fee under Section 8.07(a) for such assignment shall have been paid.

SECTION 2.17. Evidence of Debt. (a) Each Lender shall maintain in

accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Administrative Agent) to the effect that a promissory note or other evidence of indebtedness is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a promissory note or other evidence of indebtedness, in form and substance reasonably satisfactory to the Borrower and such Lender (each a "Note"), payable to the order of such Lender in a principal amount equal to the Commitment of such Lender; provided, however, that the execution and delivery of such promissory note or other evidence of indebtedness shall not be a condition precedent to the making of any Advance under this Agreement.

(b) The Register maintained by the Administrative Agent pursuant to Section 8.07(c) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assumption Agreement and each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, and (iv) the amount of any sum received by the Administrative Agent

from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Administrative Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is

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incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.18. Use of Proceeds. The proceeds of the Advances shall be

available (and the Borrower agrees that it shall use such proceeds) to support the obligations of the Borrower in respect of commercial paper issued by the Borrower and/or for other general corporate purposes of the Borrower and its subsidiaries.

SECTION 2.19. Increase in the Aggregate Commitments. (a) The Borrower

may, at any time but in any event not more than once in any calendar year prior to the Termination Date, by notice to the Administrative Agent, request that the aggregate amount of the Commitments be increased by an amount of \$100,000,000 or an integral multiple of \$5,000,000 in excess thereof (each a "Commitment Increase") to be effective as of a date that is at least 90 days prior to the scheduled Termination Date then in effect (the "Increase Date") as specified in the related notice to the Administrative Agent; provided, however, that (i) in no event shall the aggregate amount of the Commitments at any time exceed \$5,000,000,000, (ii) on the date of any request by the Borrower for a Commitment Increase and at all times thereafter to and including the related Increase Date, the Public Debt Rating shall be at least A- by S&P and at least A3 by Moody's and (iii) no Event of Default, or event that with the giving of notice or passage of time or both would constitute an Event of Default, shall have occurred and be continuing as of the date of such request or as of the applicable Increase Date, or shall occur as a result thereof.

(b) The Administrative Agent shall promptly notify the Lenders of a request by the Borrower for a Commitment Increase, which notice shall include (i) the proposed amount of such requested Commitment Increase, (ii) the proposed Increase Date and (iii) the date by which Lenders wishing to participate in the Commitment Increase must commit to an increase in the amount of their respective Commitments (the "Commitment Date"). Each Lender that is willing to participate in such requested Commitment Increase (each an "Increasing Lender") shall give written notice to the Administrative Agent on or prior to the Commitment Date of the amount by which it is willing to increase its Commitment. If the Lenders

notify the Administrative Agent that they are willing to increase the amount of their respective Commitments by an aggregate amount that exceeds the amount of the requested Commitment Increase, the requested Commitment Increase shall be allocated among the Lenders willing to participate therein in such amounts as are agreed between the Borrower and the Administrative Agent.

(c) Promptly following each Commitment Date, the Administrative Agent shall notify the Borrower as to the amount, if any, by which the Lenders are willing to participate in the requested Commitment Increase. If the aggregate amount by which the Lenders are willing to participate in any requested Commitment Increase on any such Commitment Date is less than the requested Commitment Increase, then the Borrower may extend offers to one or more Eligible Assignees to participate in any portion of the requested Commitment Increase that has not been committed to by the Lenders as of the applicable Commitment Date; provided, however, that the Commitment of each such Eligible Assignee shall be in an amount of \$25,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(d) On each Increase Date, each Eligible Assignee that accepts an offer to participate in a requested Commitment Increase in accordance with Section 2.19(c) (each such Eligible Assignee and

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each Eligible Assignee that agrees to an extension of the Termination Date in accordance with Section 2.20(c), an "Assuming Lender") shall become a Lender party to this Agreement as of such Increase Date and the Commitment of each Increasing Lender for such requested Commitment Increase shall be so increased by such amount (or by the amount allocated to such Lender pursuant to the last sentence of Section 2.19(b)) as of such Increase Date; provided, however, that the Administrative Agent shall have received on or before such Increase Date the following, each dated such date:

(i) (A) certified copies of resolutions of the Board of Directors of the Borrower or the Executive Committee of such Board approving the Commitment Increase and the corresponding modifications to this Agreement and (B) an opinion of counsel for the Borrower (which may be in-house counsel), in substantially the form of Exhibit C hereto;

(ii) an assumption agreement from each Assuming Lender, if any, in form and substance satisfactory to the Borrower and the Administrative Agent (each an "Assumption Agreement"), duly executed by such Eligible Assignee, the Administrative Agent and the Borrower; and

(iii) confirmation from each Increasing Lender of the increase in the amount of its Commitment in a writing satisfactory to the Borrower and the Administrative Agent.

On each Increase Date, upon fulfillment of the conditions set forth in the immediately preceding sentence of this Section 2.19(d), the Administrative Agent

shall notify the Lenders (including, without limitation, each Assuming Lender) and the Borrower, on or before 1:00 P.M. (New York City time), by telecopier or telex, of the occurrence of the Commitment Increase to be effected on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date.

SECTION 2.20. Extension of Termination Date. (a) At least 45 days but

not more than 75 days prior to the next Anniversary Date, the Borrower, by written notice to the Administrative Agent, may request an extension of the Termination Date in effect at such time by one calendar year from its then scheduled expiration; provided, however, that, if the Borrower does not request an extension of the Termination Date in a timely manner prior to any Anniversary Date it may, but shall not be obligated to, request that the Termination Date be extended for two consecutive calendar years from its then scheduled expiration by making a request therefor in a timely manner prior to the next succeeding Anniversary Date. The Administrative Agent shall promptly notify each Lender of such request, and each Lender shall in turn, in its sole discretion, not later than 30 days prior to such next Anniversary Date, notify the Borrower and the Administrative Agent in writing as to whether such Lender will consent to such extension. If any Lender shall fail to notify the Administrative Agent and the Borrower in writing of its consent to any such request for extension of the Termination Date at least 30 days prior to the next Anniversary Date, such Lender shall be deemed to be a Non-Consenting Lender with respect to such request. The Administrative Agent shall notify the Borrower not later than 25 days prior to such next Anniversary Date of the decision of the Lenders regarding the Borrower's request for an extension of the Termination Date.

(b) If all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.20, the Termination Date in effect at such time shall, effective as at such

next Anniversary Date (the "Extension Date"), be extended for one calendar year or two calendar years, as properly requested; provided that on each Extension Date, no Event of Default, or event that with the giving of notice or passage of time or both would constitute an Event of Default, shall have occurred and be continuing, or shall occur as a consequence thereof. If less than all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.20, the Termination Date in effect at such time shall, effective as at the applicable Extension Date, be extended as to those Lenders that so consented (each a "Consenting Lender") but shall not be extended as to any other Lender (each a "Non-Consenting Lender"). To the extent that the Termination Date is not extended as to any Lender pursuant to this Section 2.20 and the Commitment of such Lender is not assumed in accordance with subsection (c) of this Section 2.20 on or prior to the applicable Extension Date, the Commitment of such Non-Consenting Lender shall automatically terminate in whole on such unextended Termination Date without any further notice or other action by the Borrower, such Lender or any other Person; provided that such Non-

Consenting Lender's rights under Sections 2.11, 2.14, 8.04 and 8.08, and its obligations under Section 7.05, shall survive the Termination Date for such Lender as to matters occurring prior to such date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for any requested extension of the Termination Date.

(c) If less than all of the Lenders consent to any such request pursuant to subsection (a) of this Section 2.20, the Borrower may arrange for one or more Consenting Lenders or other Eligible Assignees as Assuming Lenders to assume, effective as of the Extension Date, any Non-Consenting Lender's Commitment and all of the obligations of such Non-Consenting Lender under this Agreement thereafter arising, without recourse to or warranty by, or expense to, such Non-Consenting Lender; provided, however, that the amount of the Commitment of any such Assuming Lender as a result of such substitution shall in no event be less than \$25,000,000 unless the amount of the Commitment of such Non-Consenting Lender is less than \$25,000,000, in which case such Assuming Lender shall assume all of such lesser amount; and provided further that:

(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the outstanding Advances, if any, of such Non-Consenting Lender plus (B) any accrued but unpaid facility fees owing to such Non-Consenting Lender as of the effective date of such assignment;

(ii) all additional costs reimbursements, expense reimbursements and indemnities payable to such Non-Consenting Lender, and all other accrued and unpaid amounts owing to such Non-Consenting Lender hereunder, as of the effective date of such assignment shall have been paid to such Non-Consenting Lender; and

(iii) with respect to any such Assuming Lender, the applicable processing and recordation fee required under Section 8.07(a) for such assignment shall have been paid;

provided further that such Non-Consenting Lender's rights under Sections 2.11, 2.14, 8.04 and 8.08, and its obligations under Section 7.05, shall survive such substitution as to matters occurring prior to the date of substitution. At least three Business Days prior to any Extension Date, (A) each such Assuming Lender, if any, shall have delivered to the Borrower and the Administrative Agent an Assumption Agreement, duly executed by such Assuming Lender, such Non-Consenting Lender, the Borrower and

the Administrative Agent, (B) any such Consenting Lender shall have delivered confirmation in writing satisfactory to the Borrower and the Administrative Agent as to the increase in the amount of its Commitment and (C) each Non-Consenting Lender being replaced pursuant to this Section 2.20 shall have delivered to the Administrative Agent any Note or Notes held by such Non-

Consenting Lender. Upon the payment or prepayment of all amounts referred to in clauses (i), (ii) and (iii) of the immediately preceding sentence, each such Consenting Lender or Assuming Lender, as of the Extension Date, will be substituted for such Non-Consenting Lender under this Agreement and shall be a Lender for all purposes of this Agreement, without any further acknowledgment by or the consent of the other Lenders, and the obligations of each such Non-Consenting Lender hereunder shall, by the provisions hereof, be released and discharged.

(d) If all of the Lenders (after giving effect to any assignments pursuant to subsection (b) of this Section 2.20) consent in writing to a requested extension (whether by execution or delivery of an Assumption Agreement or otherwise) not later than one Business Day prior to such Extension Date, the Administrative Agent shall so notify the Borrower, and, so long as no Event of Default, or event that with the giving of notice or passage of time or both would constitute an Event of Default, shall have occurred and be continuing as of such Extension Date, or shall occur as a consequence thereof, the Termination Date then in effect shall be extended for the additional one-year period or two-year period, as the case may be, as described in subsection (a) of this Section 2.20, and all references in this Agreement, and in the Notes, if any, to the "Termination Date" shall, with respect to each Consenting Lender and each Assuming Lender for such Extension Date, refer to the Termination Date as so extended. Promptly following each Extension Date, the Administrative Agent shall notify the Lenders (including, without limitation, each Assuming Lender) of the extension of the scheduled Termination Date in effect immediately prior thereto and shall thereupon record in the Register the relevant information with respect to each such Consenting Lender and each such Assuming Lender.

ARTICLE III
CONDITIONS OF EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Section 2.01.

Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which all of the following conditions precedent have been satisfied or waived in accordance with Section 8.01:

(a) the Administrative Agent shall have received on or before the Effective Date the following, each dated the Effective Date, in form and substance satisfactory to the Administrative Agent: (i) certified copies of the resolutions of the Board of Directors of the Borrower or the Executive Committee of such Board authorizing the execution and delivery of this Agreement, and approving all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement; (ii) a certificate of the Secretary or an Assistant Secretary of the Borrower certifying the name and true signature of the officer of the Borrower executing this Agreement on its behalf; (iii) an opinion of David K. Thompson, Esq., Senior Vice President-Assistant General Counsel of the Borrower, in substantially the form of Exhibit C hereto; and (iv) an opinion of Shearman & Sterling, counsel for the Administrative Agent.

(b) all consents and approvals of any governmental or regulatory authority and any other third party necessary in connection with this Agreement or the consummation of the transactions contemplated hereby shall have been obtained and shall remain in effect.

(c) there shall have occurred no material adverse change in the business, financial condition or operations of (i) Disney and its subsidiaries, taken as a whole, since September 30, 1995, except as disclosed in periodic or other reports filed by Disney and its subsidiaries during the period from September 30, 1995 to the date of this Agreement pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, copies of which have been furnished to the Initial Lenders prior to the date of this Agreement, or (ii) the Borrower and its subsidiaries, taken as a whole, since June 30, 1996, except as disclosed in reports filed by the Borrower and its subsidiaries, if any, during the period from June 30, 1996 to the date of this Agreement pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, copies of which have been furnished to the Initial Lenders prior to the date of this Agreement.

(d) the Borrower shall have paid or prepaid all amounts owing under the Existing Credit Agreements, and all commitments of the lenders thereunder shall have been terminated.

(e) the Borrower shall have notified each Lender and the Administrative Agent in writing as to the proposed Effective Date at least three Business Days prior to the occurrence thereof.

(f) all of the representations and warranties contained in Section 4.01 shall be correct in all material respects on and as of the Effective Date, before and after giving effect to such date, as though made on and as of the Effective Date (except to the extent that such representations and warranties relate to an earlier date, in which case such representations and warranties shall have been correct in all material respects on and as of such earlier date).

(g) no event shall have occurred and be continuing, or shall result from the occurrence of the Effective Date, that constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

SECTION 3.02. Conditions Precedent to Each Borrowing. The obligation

of each Lender to make an Advance on the occasion of each Borrowing (including the initial Borrowing) shall be subject to the further conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on

the date of such Borrowing such statements are true):

(a) the representations and warranties contained in Section 4.01 are correct in all material respects on and as of the date of such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (except to the extent that such representations and warranties relate to an earlier date, in which case such representations and warranties shall have been correct in all material respects on and as of such earlier date); and

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(b) no event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

SECTION 3.03. Determinations Under Section 3.01. For purposes of

determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Administrative Agent shall promptly notify the Lenders of the occurrence of the Effective Date.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The

Borrower represents and warrants as of the Effective Date and from time to time thereafter as required under this Agreement as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Borrower and each of the Significant Subsidiaries are duly qualified and in good standing as foreign corporations authorized to do business in each jurisdiction (other than the respective jurisdictions of their incorporation) in which the nature of their respective activities or the character of the properties they own or lease make such qualification necessary and in which the failure so to qualify would have a material adverse effect on the financial condition or operations of the Borrower and its subsidiaries, taken as a whole.

(b) The execution, delivery and performance by the Borrower of this

Agreement and each of the Notes, if any, delivered hereunder are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any material contractual restriction binding on or affecting the Borrower, Disney or ABC; no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes, if any; and this Agreement is and each of the Notes, when delivered hereunder, will be the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with their respective terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(c) (i) At any time prior to the date on which the Borrower first delivers the audited financial statements of the Borrower and its subsidiaries pursuant to Section 5.01(e)(ii), Disney's most recent annual report on Form 10-K containing the consolidated balance sheet of Disney and its subsidiaries, and the related consolidated statements of income and of cash flows of Disney

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and its subsidiaries, copies of which have been furnished to each Initial Lender prior to the date of this Agreement, fairly present the consolidated financial condition of Disney and its subsidiaries as at the date of such balance sheet and the consolidated results of operations of Disney and its subsidiaries for the fiscal year ended on such date, all in accordance with generally accepted accounting principles consistently applied, and (ii) at any time thereafter, the Borrower's most recent annual report on Form 10-K containing the consolidated balance sheet of the Borrower and its subsidiaries, and the related consolidated statements of income and of cash flows of the Borrower and its subsidiaries, copies of which have been furnished to each Lender pursuant to Section 5.01(e)(ii), fairly present the consolidated financial condition of the Borrower and its subsidiaries as at the date of such balance sheet and the consolidated results of operations of the Borrower and its subsidiaries for the fiscal year ended on such date, all in accordance with generally accepted accounting principles consistently applied.

(d) There is no pending or, to the Borrower's knowledge, threatened claim, action or proceeding affecting the Borrower or any of its subsidiaries which could reasonably be expected to adversely affect the financial condition or operations of the Borrower and its subsidiaries, taken as a whole, or which could reasonably be expected to affect the legality, validity or enforceability of this Agreement; and to the Borrower's knowledge, the Borrower and each of its subsidiaries have complied, and are in compliance, with all applicable laws, rules,

regulations, permits, orders, consent decrees and judgments, except for any such matters which have not had, and would not reasonably be expected to have, a material adverse effect on the financial condition or operations of the Borrower and its subsidiaries, taken as a whole.

(e) The Borrower and the ERISA Affiliates have not incurred and are not reasonably expected to incur any material liability in connection with their Single Employer Plans or Multiple Employer Plans, other than ordinary liabilities for benefits; neither the Borrower nor any ERISA Affiliate has incurred or is reasonably expected to incur any material withdrawal liability (as defined in Part I of Subtitle E of Title IV of ERISA) to any Multiemployer Plan; and no Multiemployer Plan of the Borrower or any ERISA Affiliate is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

SECTION 4.02. Additional Representations and Warranties of the

Borrower as of Each Increase Date and Each Extension Date. The Borrower

represents and warrants on each Increase Date and each Extension Date (and at no other time) that, as of each such date, the following statements shall be true:

(a) there has been no material adverse change in the business, financial condition or operations of the Borrower and its subsidiaries, taken as a whole, since the date of the audited financial statements of the Borrower and its subsidiaries most recently delivered to the Lenders pursuant to Section 5.01(e)(ii) prior to the applicable Increase Date or Extension Date, as the case may be (except as disclosed in periodic or other reports filed by the Borrower and its subsidiaries pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, during the period from the date of the most recently delivered audited financial statements of the Borrower and its subsidiaries pursuant to Section 5.01(e)(ii) to the date of the request for an increase in the aggregate Commitments related to such Increase Date or for an extension of the Termination Date then in effect related to such Extension Date, as the case may be); and

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(b) the representations and warranties contained in Section 4.01 are correct in all material respects on and as of such date, as though made on and as of such date (except to the extent that such representations and warranties relate to an earlier date, in which case such representations and warranties shall have been correct in all material respects on and as of such earlier date).

ARTICLE V
COVENANTS OF THE BORROWER

remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will, unless the Majority Lenders shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply, and cause each of its

subsidiaries to comply, in all material respects with all applicable laws, rules, regulations, permits, orders, consent decrees and judgments binding on the Borrower and its subsidiaries the failure with which to comply would have a material adverse effect on the financial condition or operations of the Borrower and its subsidiaries, taken as a whole.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its

subsidiaries to pay and discharge, before the same shall become delinquent, if the failure to so pay and discharge would have a material adverse effect on the financial condition or operations of the Borrower and its subsidiaries, taken as a whole, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property, and (ii) all lawful claims which, if unpaid, will by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its subsidiaries shall be required to pay or discharge any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained in accordance with GAAP.

(c) Preservation of Corporate Existence, Etc. Subject to Section

5.02(a), preserve and maintain, and cause each of Disney and ABC to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that none of the Borrower, Disney or ABC shall be required to preserve any right or franchise if the loss thereof would not have a material adverse effect on the business, financial condition or operations of the Borrower and its subsidiaries, taken as a whole; and provided further, however, that neither Disney nor ABC shall be required to preserve its corporate existence if the loss thereof would not have a material adverse effect on the business, financial condition or operations of the Borrower and its subsidiaries, taken as a whole.

(d) Maintenance of Interest Coverage Ratio. Maintain as of the last

day of each fiscal quarter of the Borrower, commencing with the first fiscal quarter of the Borrower following the Effective Date, a ratio of (i) Consolidated EBITDA for the Measurement Period ending on such day to (ii) Consolidated Interest Expense for the Measurement Period ending on such day, of not less than 3 to 1.

(e) Reporting Requirements. Furnish to the Administrative Agent, on

behalf of the Lenders:

(i) as soon as available and in any event within 50 days after the end of each of the first three quarters of each fiscal year of the Borrower, the Borrower's quarterly report to shareholders on Form 10-Q as filed with the Securities and Exchange Commission (the "SEC"), in each case containing a consolidated balance sheet of the Borrower and its subsidiaries as of the end of such quarter and consolidated statements of income and of cash flows of the Borrower and its subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, and a certificate of any of the Borrower's Chairman of the Board of Directors, President, Chief Financial Officer, Treasurer, Assistant Treasurer or Controller (A) stating that no Event of Default, or event that with the giving of notice or passage of time or both would constitute an Event of Default, has occurred and is continuing and (B) containing a schedule which shall set forth the computations used by the Borrower in determining compliance with the covenant contained in Section 5.01(d);

(ii) as soon as soon as available and in any event within 100 days after the end of each fiscal year of the Borrower, a copy of the Borrower's annual report to shareholders on Form 10-K as filed with the SEC, in each case containing consolidated financial statements of the Borrower and its subsidiaries for such year and a certificate of any of the Borrower's Chairman of the Board of Directors, President, Chief Financial Officer, Treasurer, Assistant Treasurer or Controller (A) stating that no Event of Default, or event that with the giving of notice or passage of time or both would constitute an Event of Default, has occurred and is continuing and (B) containing a schedule which shall set forth the computations used by the Borrower in determining compliance with the covenant contained in Section 5.01(d);

(iii) promptly after the Borrower obtains actual knowledge of the occurrence of each Event of Default, and each event that with the giving of notice or passage of time or both would constitute an Event of Default, a statement of any of the Borrower's Chairman of the Board of Directors, President, Chief Financial Officer, Treasurer, Assistant Treasurer or Controller setting forth details of such Event of Default or event continuing on the date of such statement, and the action which the Borrower has taken and proposes to take with respect thereto;

(iv) promptly after the commencement thereof, notice of any actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Borrower or any of its subsidiaries of the type described in Section 4.01(d);

(v) promptly after the Borrower obtains actual knowledge thereof, written notice of any pending or threatened Environmental Claim against the Borrower or any of its subsidiaries or any of their respective properties which could reasonably be expected to materially and adversely affect the financial condition or operations of the Borrower and its subsidiaries, taken as a whole;

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(vi) promptly after the Borrower obtains actual knowledge of the occurrence of any ERISA Event which could reasonably be expected to materially and adversely affect the financial condition or operations of the Borrower and its subsidiaries, taken as a whole, a statement of any of the Borrower's Chairman of the Board of Directors, President, Chief Financial Officer, Treasurer, Assistant Treasurer or Controller describing such ERISA Event and the action, if any, which the Borrower has taken and proposes to take with respect thereto;

(vii) promptly after receipt thereof by the Borrower or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Borrower or any ERISA Affiliate concerning (A) the imposition of withdrawal liability (as defined in Part I of Subtitle E of Title IV of ERISA) by a Multiemployer Plan, which withdrawal liability could reasonably be expected to materially and adversely affect the financial condition or operations of the Borrower and its subsidiaries, taken as a whole, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any Multiemployer Plan, which reorganization or termination could reasonably be expected to materially adversely affect the financial condition or operations of the Borrower and its subsidiaries, taken as a whole, or (C) the amount of liability incurred, or which may be incurred, by the Borrower or any ERISA Affiliate in connection with any event described in subclause (vii)(A) or (vii)(B) above; and

(viii) such other material information reasonably related to any Lender's credit analysis of the Borrower or any of its subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

SECTION 5.02. Negative Covenant. So long as any Advance shall remain

unpaid or any Lender shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Lenders:

(a) Mergers, Etc. Merge or consolidate with or into, or convey,

transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of the assets of the Borrower and its subsidiaries, taken as a whole (whether now owned or

hereafter acquired), to, any Person, or permit any of its subsidiaries to do so, unless (i) immediately after giving effect to such proposed transaction, no Event of Default or event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default would exist and (ii) in the case of any such merger to which the Borrower is a party, the Borrower is the surviving corporation or the Person into which the Borrower shall be merged or formed by any such consolidation shall be a corporation organized and existing under the laws of the United States or any State thereof and shall assume the Borrower's obligations hereunder and under the Notes, if any, in an agreement or instrument reasonably satisfactory in form and substance to the Majority Lenders.

ARTICLE VI
EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events

("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or any fee or other amount payable under this Agreement, in each case within three Business Days after such interest, fee or other amount becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) delivered in writing and identified as delivered in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) The Borrower shall fail to perform or observe any covenant contained in Section 5.01(d), Section 5.01(e) (iii) or Section 5.02; or

(d) The Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(e) The Borrower or any of its subsidiaries shall fail to pay any principal of or premium or interest on any Debt which is outstanding in a principal amount of at least \$250,000,000 in the aggregate (but excluding Debt arising hereunder) of the Borrower or such subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure (i) shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt and (ii) shall not have

been cured or waived; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) The Borrower or any Material Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any Material Subsidiary seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for substantially all of its

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property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any Material Subsidiary shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) Any money judgment, writ or warrant of attachment or similar process against the Borrower, any Material Subsidiary or any of their respective assets involving in any case an amount in excess of \$100,000,000 is entered and shall remain undischarged, unvacated, unbonded or unstayed for a period of 30 days or, in any case, within five days of any pending sale or disposition of any asset pursuant to any such process;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable,

without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII
THE ADMINISTRATIVE AGENT

SECTION 7.01. Authorization and Action. (a) Each Lender hereby

appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement of this Agreement or collection of the Advances), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

(b) The Co-Administrative Agents shall have no duties under this Agreement other than those afforded to them in their capacities as Lenders, and each Lender hereby acknowledges that the

Co-Administrative Agents have no liability under this Agreement other than those assumed by them in their capacities as Lenders.

SECTION 7.02. Administrative Agent's Reliance, Etc. Neither the

Administrative Agent nor any of its directors, officers, agents or employees shall be liable to any Lender for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may treat the Lender which made any Advance as the holder of the Debt resulting therefrom until the Administrative Agent receives and accepts an Assumption Agreement entered into by an Assuming Lender as provided in Section 2.19 or 2.20, as the case may be,

or an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. CUSA and Affiliates. With respect to its Commitment and

the Advances made by it and any Note or Notes issued to it, CUSA shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include CUSA in its individual capacity. CUSA and its respective Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from, and generally engage in any kind of business with, the Borrower, any of its subsidiaries and any Person who may do business with or own securities of the Borrower or any such subsidiary, all as if CUSA was not the Administrative Agent and without any duty to account therefor to the Lenders.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it

has, independently and without reliance upon the Administrative Agent or any other Lender and based on the financial statements referred to in Section 4.01(c) (i) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Lenders agree to indemnify the

Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of Advances then owing to each of them (or, if no Advances are at the time outstanding or if any Advances are then owing to Persons which are not Lenders, ratably according to the respective

amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this Agreement; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal or bankruptcy proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.06. Successor Administrative Agent. The Administrative Agent

may resign at any time by giving written notice thereof to the Lenders and the Borrower and such resignation shall be effective upon the appointment of a successor Administrative Agent as provided herein. Upon any such resignation, the Majority Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent. Any successor Administrative Agent appointed hereunder shall be a commercial bank organized or licensed under the laws of the United States or of any State thereof, or an Affiliate of any such commercial bank, having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article VII 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.

ARTICLE VIII
MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision

of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than the Borrower or any of its Affiliates, if a Lender, at the time of any such amendment, waiver or consent), do any of the following: (a) waive any of the conditions specified in Section 3.01 or 3.02, (b) increase the Commitments of the Lenders (other than as provided in Section 2.19) or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Advances or the facility fees payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest

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on, the Advances (other than as provided in Section 2.20), (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of Advances, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder or (f) amend this Section 8.01; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement or any Note.

SECTION 8.02. Notices, Etc. (a) All notices and other communications

provided for hereunder shall, except as otherwise expressly provided for herein, be in writing (including telecopier, telegraphic or telex communication) and mailed, telecopied, telegraphed, telexed or delivered, if to the Borrower, at its address at:

The Walt Disney Company
500 South Buena Vista Street
Burbank, California 91521
Attention: Assistant Treasurer
Telecopy Number: (818) 563-1682 and (818) 562-1811

with a copy to:

The Walt Disney Company
500 South Buena Vista Street
Burbank, California 91521
Attention: Corporate Legal Department
Telecopy Number: (818) 563-4160

if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender, as the case may be; and if to the

Administrative Agent, at its address at:

Citicorp USA, Inc.
One Court Square
Long Island City, New York 11120
Attention: Kim Coley
Telecopy Number: (718) 248-4844

with a copy to:

Citicorp Securities, Inc.
One Sansome Street
San Francisco, California 94104
Attention: Mark Wilson
Telecopy Number: (415) 627-6355;

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telecopied, telegraphed or

telexed, be effective when deposited in the mails, telecopied, delivered to the telegraph company or confirmed by telex answerback, respectively, except that notices and communications to the Administrative Agent pursuant to Article II or VII shall not be effective until received by the Administrative Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

(b) If any notice required under this Agreement is permitted to be made, and is made, by telephone, actions taken or omitted to be taken in reliance thereon by the Administrative Agent or any Lender shall be binding upon the Borrower notwithstanding any inconsistency between the notice provided by telephone and any subsequent writing in confirmation thereof provided to the Administrative Agent or such Lender; provided that any such action taken or omitted to be taken by the Administrative Agent or such Lender shall have been in good faith and in accordance with the terms of this Agreement.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any

Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay,

within five Business Days of demand, all actual and reasonable costs and expenses, if any (including, without limitation, actual and reasonable counsel fees and expenses), of the Administrative Agent and each Lender in connection with the enforcement (whether through legal proceedings or otherwise) of this Agreement and the other instruments and documents to be delivered hereunder, including, without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 8.04(a).

(b) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(f) or 2.10 or acceleration of the maturity of the Advances pursuant to Section 6.01 or for any other reason (other than by reason of a payment pursuant to Section 2.12), the Borrower shall, within five Business Days of demand by any Lender (with a copy of such demand to the Administrative Agent), pay to such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain such Advance.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the

continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender (and, in the case of CUSA, Citibank) is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, but excluding trust accounts) at any time held and other indebtedness at any time owing by such Lender (and, in the case of CUSA, Citibank) to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement, whether or not such Lender shall have made any demand

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under this Agreement. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender (and, in the case of CUSA, Citibank); provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender (and, in the case of CUSA, Citibank) under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective

(other than Section 2.01, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower, the Administrative Agent and each Co-Administrative

Agent and when the Administrative Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and, thereafter, shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent, each Co-Administrative Agent and each Lender and their respective successors and permitted assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. Assignments and Participations. (a) Each Lender may and,

if requested by the Borrower upon notice by the Borrower delivered to such Lender and the Administrative Agent pursuant to clause (ii) of Section 2.16, will, assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and any Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement, (ii) the sum of (A) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment and (B) the amount of the commitment being contemporaneously assigned under the 364-Day Credit Agreement by the Person that is such assigning Lender (in both cases determined as of the date of the Assignment and Acceptance or similar agreement with respect to such assignments) shall not be less than \$50,000,000 in the aggregate (unless such lesser amount is previously agreed among such assigning Lender, the Administrative Agent and the Borrower), provided, however, that if the aggregate amount of the Commitment of such assigning Lender hereunder and its commitment under the 364-Day Credit Agreement is less than \$50,000,000 on the date of such proposed assignments, such assigning Lender may assign all, but not less than all, of its remaining rights and obligations under this Agreement and the 364-Day Credit Agreement (unless an assignment of a portion of such assigning Lender's obligations hereunder and thereunder is otherwise previously agreed among such assigning Lender, the Administrative Agent and the Borrower), (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment (other than the Borrower) shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of \$3,000. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than any rights such Lender assignor may have under Sections 2.11, 2.14 and 8.08) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any of its subsidiaries or the performance or observance by the Borrower of any of its obligations under this Agreement or any instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01(c) (i) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Administrative Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance and each Assumption Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee and, if applicable, the Borrower, together with any Note subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(e) Each Lender may sell participations to one or more banks or other

entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances owing to it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (iv) such Lender shall not agree in any participation agreement with any participant

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or proposed participant to obtain the consent of such participant before agreeing to the amendment, modification or waiver of any of the terms of this Agreement or any Note, before consenting to any action or failure to act by the Borrower or any other party hereunder or under any Note, or before exercising any rights it may have in respect thereof, unless such amendment, modification, waiver, consent or exercise would (A) increase the amount of such participant's portion of such Lender's Commitment, (B) reduce the principal amount of or rate of interest on the Advances or any fee or other amounts payable hereunder to which such participant would be entitled to receive a share under such participation agreement, or (C) postpone any date fixed for any payment of principal of or interest on the Advances or any fee or other amounts payable hereunder to which such participant would be entitled to receive a share under such participation agreement.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower in writing and directly related to the transactions contemplated hereunder; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrower received by it from such Lender in accordance with the terms of Section 8.09.

(g) No participation or assignment hereunder shall be made in violation of the Securities Act of 1933, as amended from time to time, or any applicable state securities laws, and each Lender hereby represents that it will make any Advance for its own account in the ordinary course of its business and not with a view to the public distribution or sale thereof.

(h) Anything in this Agreement to the contrary notwithstanding, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note issued to it hereunder) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System (or any successor regulation thereto) and the applicable operating circular of such Federal Reserve Bank.

SECTION 8.08. Indemnification. The Borrower agrees to indemnify and hold

harmless the Administrative Agent, each Co-Administrative Agent and each Lender and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding (whether or not an Indemnified Party is a party thereto) arising out of, related to or in connection with the Commitments hereunder or the Advances made pursuant hereto or any transactions done in connection herewith, including, without limitation, any transaction in which any proceeds of the Advances are, or are proposed, to be applied (collectively, the "Indemnified Matters"); provided that the Borrower shall have no obligation to any Indemnified Party under this Section 8.08 with respect to (i) matters for which such Indemnified Party has been reimbursed by or on behalf of the Borrower pursuant to any other provision of this Agreement, but only to the extent of such reimbursement, or (ii) Indemnified Matters found by a court of competent jurisdiction to have resulted from the willful misconduct or gross negligence of such Indemnified Party. If any action is brought against any Indemnified Party, such Indemnified Party shall promptly notify the

Borrower in writing of the institution of such action and the Borrower shall thereupon have the right, at its option, to elect to assume the defense of such action; provided, however, that the Borrower shall not, in assuming the defense of any Indemnified Party in any Indemnified Matter, agree to any dismissal or settlement of such Indemnified Matter without the prior written consent of such Indemnified Party, which consent shall not be unreasonably withheld, if such dismissal or settlement (A) would require any admission or acknowledgement of culpability or wrongdoing by such Indemnified Party or (B) would provide for any nonmonetary relief to any Person to be performed by such Indemnified Party. If the Borrower so elects, it shall promptly assume the defense of such action, including the employment of counsel (reasonably satisfactory to such Indemnified Party) and payment of expenses. Such Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (1) the employment of such counsel shall have been authorized in writing by the Borrower in connection with the defense of such action or (2) the Borrower shall not have properly employed counsel reasonably satisfactory to such Indemnified Party to have charge of the defense of such action, in which case such fees and expenses shall be paid by the Borrower. If an Indemnified Party shall have reasonably concluded (based upon the advice of counsel) that the representation by one counsel of such Indemnified Party and the Borrower creates a conflict of interest for such counsel, the reasonable fees and expenses of such counsel shall be borne by the Borrower and the Borrower shall not have the right to

direct the defense of such action on behalf of such Indemnified Party (but shall retain the right to direct the defense of such action on behalf of the Borrower). Anything in this Section 8.08 to the contrary notwithstanding, the Borrower shall not be liable for the fees and expenses of more than one counsel for any Indemnified Party in any jurisdiction as to any Indemnified Matter or, except as specified in the second sentence of this Section 8.08, for any settlement of any Indemnified Matter effected without its written consent. All obligations of the Borrower under this Section 8.08 shall survive the making and repayment of the Advances and the termination of this Agreement.

SECTION 8.09. Confidentiality. Subject to the provisions of Section

8.07(f), each Lender shall, and shall instruct its Affiliates, successors, assigns, advisors, officers, employees, directors, agents, legal counsel and other professional advisors (the "Informed Parties") to, hold all nonpublic information obtained pursuant to this Agreement in accordance with its customary procedures 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 a bona fide transferee or participant in connection with the contemplated transfer or participation or to another Lender or an Informed Party agreeing to hold such nonpublic information as confidential or as required or requested by law or to any governmental authority or representative thereof or pursuant to legal process; provided that unless specifically prohibited by applicable law or court order, each Lender shall notify the Borrower of any request by any governmental authority or representative thereof (other than any such request in connection with an examination of the financial condition of such Lender by such governmental authority) for disclosure of any such nonpublic information prior to disclosure of such information; and provided further that in no event shall any Lender be obligated or required to return any materials furnished by the Borrower.

SECTION 8.10. Consent to Jurisdiction and Service of Process. All

judicial proceedings brought against the Borrower with respect to this Agreement or any instrument or other documents delivered hereunder may be brought in any state or federal court in the Borough of Manhattan in the State of New York, and by execution and delivery of this Agreement, the Borrower accepts, for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of the aforesaid

courts, and irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Agreement or any instrument or other document delivered hereunder from which no appeal has been taken or is available. The Borrower agrees to receive service of process in any such proceeding in any such court at its office at 114 Fifth Avenue, New York, New York 10011, Attention: Kenneth E. Newman (or at such other address in the Borough of Manhattan in the State of New York as the Borrower shall notify the Administrative Agent from time to time) and, if the Borrower ever ceases to maintain such office in the

Borough of Manhattan, irrevocably designates and appoints CT Corporation System, 1633 Broadway, New York, New York 10019, or any other address in the State of New York communicated by CT Corporation System to the Administrative Agent, as its agent to receive on its behalf service of all process in any such proceeding in any such court, such service being hereby acknowledged by the Borrower to be effective and binding service in every respect.

SECTION 8.11. Governing Law. This Agreement shall be governed by, and

construed in accordance with, the laws of the State of New York.

SECTION 8.12. Execution in Counterparts. This Agreement may be executed

in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement. A full set of executed counterparts of this Agreement shall be lodged with the Administrative Agent and the Borrower.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE BORROWER

THE WALT DISNEY COMPANY

By: [SIGNATURE APPEARS HERE]

Title: Vice President and Assistant Treasurer

THE ADMINISTRATIVE AGENT

CITICORP USA, INC.,
as Administrative Agent

By: /s/ Steven R. Victorin

Title: Attorney-in-Fact

THE CO-ADMINISTRATIVE AGENTS

CREDIT SUISSE,
as Co-Administrative Agent

By: /s/ Stephen M. Flynn

Title: Member of Senior Management

By: /s/ David J. Worthington

Title: Member of Senior Management

BANK OF AMERICA NATIONAL TRUST &
SAVINGS ASSOCIATION,
as Co-Administrative Agent

By: /s/ Matthew J. Koenig

Title: Vice President

THE INITIAL LENDERS

Commitment

\$86,250,000.00

CITICORP USA, INC.

By: /s/ Steven R. Victorin

Title: Attorney-in-Fact

\$83,250,000.00

CREDIT SUISSE

By: /s/ Stephen M. Flynn

Title: Member of Senior Management

By: /s/ [SIGNATURE APPEARS HERE]

Title: Member of Senior Management

\$83,250,000.00

BANK OF AMERICA NATIONAL TRUST &
SAVINGS ASSOCIATION

By: /s/ Matthew J. Koenig

Title: Vice President

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\$83,250,000.00

ABN AMRO BANK N.V.,
LOS ANGELES INTERNATIONAL BRANCH
BY: ABN AMRO NORTH AMERICA, INC.,
AS AGENT

By: /s/ Paul K. Stimpfl

Title: Vice President/Director

By: /s/ Kenneth H. Bowman

Title: Vice President/Director

\$83,250,000.00

BANCA COMMERCIALE ITALIANA,
LOS ANGELES FOREIGN BRANCH

By: /s/ [SIGNATURE APPEARS HERE]

Title: Vice President

By: /s/ [SIGNATURE APPEARS HERE]

Title: Vice President

\$83,250,000.00

BANKERS TRUST COMPANY

By: /s/ [SIGNATURE APPEARS HERE]

Title: Vice President

\$83,250,000.00

BANK OF MONTREAL, CHICAGO BRANCH

By: /s/ Karen Klapper

Title: Director

\$83,250,000.00

THE BANK OF NEW YORK

By: /s/ [SIGNATURE APPEARS HERE]

Title: Vice President

\$83,250,000.00

THE BANK OF NOVA SCOTIA

By: /s/ [SIGNATURE APPEARS HERE]

Title: [TITLE APPEARS HERE]

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\$83,250,000.00

BANQUE NATIONALE DE PARIS

By: /s/ [SIGNATURE APPEARS HERE]

Title: Senior Vice President & Manager

By: /s/ [SIGNATURE APPEARS HERE]

Title: Vice President

\$83,250,000.00

BANQUE PARIBAS

By: /s/ Jean-Yves Fillion /s/ Harry Collyns

Title: Vice President Vice President

\$83,250,000.00

BARCLAYS BANK PLC

By: /s/ James K. Downey

Title: Associate Director

\$83,250,000.00

THE CHASE MANHATTAN BANK

By: /s/ [SIGNATURE APPEARS HERE]

Title: Managing Director

\$83,250,000.00

THE DAI-ICHI KANGYO BANK, LTD.,
LOS ANGELES AGENCY

By: /s/ Masatsugii Morishita

Title: Sr. Vice President & Joint General
Manager

\$83,250,000.00

DEUTSCHE BANK AG, NEW YORK
AND/OR CAYMAN ISLAND BRANCHES

By: /s/ J. Scott Jessup

Title: Vice President

By: /s/ Ross A. Howard

Title: Director

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\$83,250,000.00

THE FIRST NATIONAL BANK
OF CHICAGO

By: /s/ [SIGNATURE APPEARS HERE]

Title: Senior Vice President

\$83,250,000.00

FIRST UNION NATIONAL BANK
OF NORTH CAROLINA

By: /s/ Jane W. Workman

Title: Senior Vice President

\$83,250,000.00

THE FUJI BANK, LTD.,
LOS ANGELES AGENCY

By: /s/ Nobuhiro Umemura

Title: Joint General Manager

\$83,250,000.00

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, LOS ANGELES AGENCY

By: /s/ Vincente Timiraos

Title: Senior Vice President

\$83,250,000.00

THE LONG-TERM CREDIT BANK
OF JAPAN, LTD., LOS ANGELES AGENCY

By: /s/ [SIGNATURE APPEARS HERE]

Title: Deputy General Manager

\$83,250,000.00

THE MITSUI TRUST & BANKING CO.,
LTD.

By: /s/ Margaret Holloway

Title: Vice President & Manager

\$83,250,000.00

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: /s/ Diana H. Imhof

Title: Vice President

\$83,250,000.00

NATIONSBANK OF TEXAS, N.A.

By: /s/ Chas A. McDonell

Title: Vice President

\$83,250,000.00

ROYAL BANK OF CANADA

By: /s/ [SIGNATURE APPEARS HERE]

Title: Senior Manager

\$83,250,000.00

THE SAKURA BANK, LIMITED

By: /s/ Fernando Buesa

Title: Vice President

By: /s/ [SIGNATURE APPEARS HERE]

Title: Senior Vice President

Assistant General Manager

\$83,250,000.00

THE SANWA BANK, LIMITED

By: /s/ [SIGNATURE APPEARS HERE]

Title: Vice President

\$83,250,000.00

THE SUMITOMO BANK, LIMITED

By: /s/ [SIGNATURE APPEARS HERE]

Title:

\$83,250,000.00

THE SUMITOMO TRUST & BANKING
CO., LTD., LOS ANGELES AGENCY

By: /s/ Eleanor Chan

Title: Manager & Vice President

49

\$83,250,000.00

SUNTRUST BANK, CENTRAL FLORIDA,
NATIONAL ASSOCIATION

By: /s/ [SIGNATURE APPEARS HERE]

Title: First Vice President

\$83,250,000.00

SWISS BANK CORPORATION,
SAN FRANCISCO BRANCH

By: /s/ Hans-Ueli Surber

Title: Executive Director Merchant Banking

By: /s/ Nang S. Peecnaphand

Title: Associate Director Accounting

\$83,250,000.00

TORONTO DOMINION (TEXAS), INC.

By: /s/ Frederic Hawley

Title: Vice President

\$83,250,000.00

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Anna Bagdasarian

Title: Vice President/Manager

\$83,250,000.00

UNION BANK OF SWITZERLAND,
NEW YORK BRANCH

By: /s/ Laurent J. Chaix

Title: Vice President

By: /s/ Stephen A. Caver

Title: Assistant Treasurer

\$83,250,000.00

WACHOVIA BANK OF GEORGIA, N.A.

By: /s/ Joel K. Wood

Title: Vice President

50

\$83,250,000.00

WELLS FARGO BANK, N.A.

By: /s/ [SIGNATURE APPEARS HERE]

Title: Senior Vice President

By: /s/ [SIGNATURE APPEARS HERE]

Title: Vice President

\$83,250,000.00

THE YASUDA TRUST
& BANKING CO., LTD.

By: /s/ Makoto Tagawa

Title: Deputy General Manager

\$3,000,000,000

TOTAL OF COMMITMENTS

THE WALT DISNEY COMPANY AND SUBSIDIARIES

Name of subsidiary -----	State of Incorporation -----
ABC, Inc.	New York
ABC Holding Company Inc.	Delaware
American Broadcasting Companies, Inc.	Delaware
Buena Vista Home Video, Inc.	California
Buena Vista International, Inc.	California
Buena Vista Television	California
Disney Enterprises, Inc.	Delaware
Lake Buena Vista Communities, Inc.	Delaware
Miramax Film Corp.	New York
The Disney Channel	California
The Disney Store, Inc.	California
Walt Disney Pictures and Television	California
Walt Disney World Co.	Delaware
WCO Parent Corporation	Delaware

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEET AND CONDENSED CONSOLIDATED STATEMENT OF INCOME FOUND ON THE COMPANY'S FORM 10-K FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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