

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Amendment No. 7)
Under the Securities Exchange Act of 1934

DISCOVERY ZONE, INC.
(Name of Issuer)

Common Stock, Par Value \$.01 Per Share
(Title of Class of Securities)

25468B 10 7
(CUSIP Number)

Philippe P. Dauman, Esq.
Viacom Inc.
1515 Broadway
New York, New York 10036
Telephone: (212) 258-6000
(Name, Address and Telephone Number of
Person Authorized to Receive Notices and
Communications)

Copy to:

Creighton O' M. Condon, Esq.
Shearman & Sterling
599 Lexington Avenue
New York, NY 10022
Telephone: (212) 848-4000

May 24, 1995
(Date of Event which Requires Filing of this Statement)

=====

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box []. Check the following box if a fee is being paid with this statement [].

Page 1

CUSIP No. 25468B 10 7

- (1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

VIACOM INC.

I.R.S. Identification No. 04-2949533

- (2) Check the Appropriate Box if a Member of Group (See Instructions)

[] (a) -----
[] (b) -----

(3) SEC Use Only -----

(4) Sources of Funds (See Instructions) WC -----

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization Delaware -----

Number of (7) Sole Voting Power -----
Shares -----

Beneficially (8) Shared Voting Power 28,044,001 -----

Owned by -----

Each (9) Sole Dispositive Power -----

Reporting -----

Person (10) Shared Dispositive Power 28,044,001 -----

With -----

(11) Aggregate Amount Beneficially Owned by Each Reporting Person
28,044,001 -----

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11)
49.9% -----

(14) Type of Reporting Person (See Instructions) CO -----

CUSIP No. 25468B 10 7

(1) Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

SUMNER M. REDSTONE

S.S. No.

(2) Check the Appropriate Box if a Member of Group (See Instructions)

[] (a)

[] (b)

(3) SEC Use Only

(4) Sources of Funds (See Instructions) WC

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e).

(6) Citizenship or Place of Organization United States

Number of (7) Sole Voting Power

Shares

Beneficially (8) Shared Voting Power 28,044,001

Owned by

Each (9) Sole Dispositive Power

Reporting

Person (10) Shared Dispositive Power 28,044,001

With

(11) Aggregate Amount Beneficially Owned by Each Reporting Person
28,044,001

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11)

49.9%

(14) Type of Reporting Person (See Instructions) IN

This Amendment No. 7 amends the Statement on Schedule 13D filed with the Securities and Exchange Commission on June 3, 1993, as amended (the "Statement") by Sumner M. Redstone and Viacom Inc. ("Viacom"). This Amendment No. 7 is filed with respect to the shares of common stock, par value \$.01 per share (the "Common Stock"), of Discovery Zone, Inc., a Delaware corporation (the "Issuer"), with its principal offices located at 205 North Michigan Avenue, Chicago, Illinois 60601. Capitalized terms used but not defined herein have the meanings assigned to such terms in the Statement.

Item 3. Source and Amount of Funds or Other Consideration.

See Item 4 for information which may be required by this Item 3.

Item 4. Purpose of Transaction.

Item 4 of the Statement is hereby amended and supplemented by adding the following at the end thereof as follows:

The transactions contemplated by the Management Services Agreement have been consummated. The following persons (the "Viacom Designees") have been designated by Viacom for election to the Issuer's Board of Directors: (i) Frank J. Biondi, Jr., President, Chief Executive Officer of Viacom, (ii) Phillipe P. Dauman, Executive Vice President, General Counsel, Chief Administrative Officer and Secretary of Viacom, (iii) J. Brian McGrath, (iv) John L. Muething, and (v) Sumner M. Redstone, Chairman of the Board of Directors of Viacom. In addition, H. Wayne Huizenga and George D. Johnson, Jr. have resigned from the Board of Directors of the Issuer. Thereafter, the remaining directors, Messrs. Berrard and Flynn, appointed the five Viacom Designees to the Issuer's Board of Directors. As contemplated by the Management Services Agreement, Blockbuster Discovery Investment, Inc. ("BDI"), an indirect wholly owned subsidiary of Viacom, and the Issuer entered into a Warrant Agreement dated as of May 24, 1995 (the "Warrant Agreement") and the Issuer issued the Warrants to BDI pursuant thereto.

Pursuant to the Stock Purchase Agreement, BDI has purchased 3,823,647 shares of Common Stock from the Sellers. The source of funds for this purchase was working capital of Viacom.

Pursuant to the Letter Agreement, a definitive Asset Purchase Agreement dated as of May 24, 1995 (the "Asset Purchase Agreement") was entered into by Blockbuster Family Fun, Inc. ("BFF"), Blockbuster Amusement Holding Corporation ("BAHC"), Discovery Zone L.P. ("DZILP") and the Issuer. Pursuant to the Asset Purchase Agreement, the assets of BFF, comprised of two entertainment centers operating under the name and mark of "Block Party", were sold to DZILP in exchange for a \$13,214,550 ten-year subordinated note of DZILP, guaranteed by the Issuer. As contemplated by the Asset Purchase Agreement, (i) Viacom has agreed to assign and transfer Viacom's right, title and interest certain intellectual property assets to DZILP and (ii) Viacom and Blockbuster Entertainment Inc. have licensed the mark "Block Party" to DZILP pursuant to a five year royalty-free license agreement.

A copy of the press release issued by the Issuer on May 25, 1995 relating to the foregoing transactions, the Warrant Agreement, the Certificate of Designations in respect of the Preferred Stock and the Asset Purchase Agreement are attached hereto as exhibits and are incorporated by reference herein.

Item 5. Interest in Securities of the Issuer.

See Item 4 for information which may be required by this Item 5.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect

to Securities of the Issuer.

See Item 4 for information which may be required by this Item 6.

Item 7. Material to be Filed as Exhibits.

- A. Asset Purchase Agreement dated as of May 24, 1995 among BAHC, BFF, DZLIP and the Issuer.
- B. Warrant Agreement dated as of May 24, 1995 between BDI and the Issuer.
- C. Certificate of Designations, Powers, Preferences and Relative, Participating or Other Rights, and the Qualifications, Limitations or Restrictions Thereof of the Preferred Stock.
- D. Press release issued by the Issuer on May 25, 1995.

Signature

- - - - -

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this Statement is true, complete and correct.

May 25, 1995

VIACOM INC.

By /s/ Michael D. Fricklas

Name: Michael D. Fricklas
Title: Senior Vice President
and Deputy General Counsel

Signature

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

May 25, 1995

*

Sumner M. Redstone, Individually

*By /s/ Philippe P. Dauman

Philippe P. Dauman
Attorney-in-Fact under the
Limited Power of Attorney filed
as Exhibit 99.2 to the Statement,
Amendment No. 4.

Exhibit Index

Exhibit No. -----	Description -----	Page No. -----
A.	Asset Purchase Agreement dated as of May 24, 1995 among BAHC, BFF, DZLIP and the Issuer.	9
B.	Warrant Agreement dated as of May 24, 1995 between BDI and the Issuer.	45
C.	Certificate of Designations, Powers, Preferences and Relative, Participating or Other Rights, and the Qualifications, Limitations or Restrictions Thereof of the Preferred Stock.	77
D.	Press release issued by the Issuer on May 25, 1995.	92

ASSET PURCHASE AGREEMENT

Dated as of May 24, 1995

by and among

Discovery Zone, Inc.,

Discovery Zone L.P.,

Blockbuster Amusement Holding Corporation,
a subsidiary of Viacom Inc.,

and

Blockbuster Family Fun, Inc.

TABLE OF CONTENTS

	Page
ARTICLE I Purchase and Sale of Assets	1
Section 1.1 Purchased Assets	1
Section 1.2 Excluded Assets	2
ARTICLE II Purchase Price; Assumption of Liabilities	3
Section 2.1 Amount of the Purchase Price	3
Section 2.2 Assumed Liabilities	3
Section 2.3 Excluded Liabilities	3
Section 2.4 Allocation of the Purchase Price among the Purchased Assets	4
ARTICLE III Closing	
Section 3.1 Closing	5
Section 3.2 Procedure at the Closing	5
ARTICLE IV Representations and Warranties of BAHC	6
Section 4.1 Organization, Power, Authority, Authorization	6
Section 4.2 Financial Statements	7
Section 4.3 Liabilities	8
Section 4.4 Real Estate	8
Section 4.5 Good Title to and Condition of Purchased Assets	9
Section 4.6 Environmental Matters	10
Section 4.7 Intentionally Omitted	11
Section 4.8 Licenses and Permits	11
Section 4.9 Intellectual Property	12
Section 4.10 Adequacy of Assets; Relationships with Suppliers	13
Section 4.11 Documents of and Information with Respect to BFF	13
Section 4.12 Tax Matters	14
Section 4.13 Litigation	14
Section 4.14 No Material Adverse Change	14
Section 4.15 Absence of Certain Acts or Events	14
Section 4.16 Compliance with Laws	15
Section 4.17 Labor Relations of BFF	15
Section 4.18 Employee Benefits	16
Section 4.19 Product and Other Liability Claims	16
ARTICLE V Representations and Warranties of DZI and DZLP	16
Section 5.1 Organization, Power, Authority	16
Section 5.2 Due Authorization and Binding Obligation	17
ARTICLE VI Additional Covenants of BAHC	18
Section 6.1 Reasonable Efforts	18

Section 6.2 Conduct of Business Pending the Closing	18
Section 6.3 Access to BFF's Properties and Records	18
Section 6.4 No Disclosure	19
Section 6.5 No Other Discussions	19
Section 6.6 Interim Financial Statements	19

ARTICLE VII Additional Covenants of DZI	20
Section 7.1 Reasonable Efforts	20
Section 7.2 No Disclosure	20
Section 7.3 Conduct Prior to Closing	20
ARTICLE VIII Conditions to the Obligation of DZI and DZLP	20
Section 8.1 Accuracy of Representations and Warranties and Compliance with Obligations	20
Section 8.2 Certified Resolutions	20
Section 8.3 Receipt of Necessary Consents	21
Section 8.4 No Adverse Litigation	21
Section 8.5 No Material Adverse Change	21
Section 8.6 Consummation of Transactions	21
Section 8.7 License Agreement	21
Section 8.8 Operating Lease	21
ARTICLE IX Conditions to Obligation of BAHC and BFF	21
Section 9.1 Accuracy of Representations and Warranties and Compliance with Obligations	22
Section 9.2 Certified Resolutions	22
Section 9.3 No Adverse Litigation	22
Section 9.4 No Material Adverse Change	22
Section 9.5 Consummation of Transactions	22
Section 9.6 Sublease	22
Section 9.7 Assignment Agreement	22
Section 9.8 Guaranty Agreement	22
ARTICLE X Certain Actions After the Closing	23
Section 10.1 DZLP to Act as Agent for BFF	23
Section 10.2 Delivery of Property Received by BFF After Closing	23
Section 10.3 DZLP Appointed Attorney for Sellers	23
Section 10.4 Execution of Further Documents	23
Section 10.5 Employment by DZLP of BFF's Employees	24
Section 10.6 Employee Benefits	24
Section 10.7 Liquor Licenses	24
Section 10.7 Net Worth	24
ARTICLE XI Indemnification	25
Section 11.1 Agreement by BAHC to Indemnify	25
Section 11.2 Agreement by DZI to Indemnify	26
Section 11.3 Indemnification Procedures for Third Party Claims	27
Section 11.4 Credit Provisions	27
ARTICLE XII Miscellaneous	28
Section 12.1 Survival of Representations and Warranties	28
Section 12.2 Brokers' Commission	28
Section 12.3 Amendment and Modification	28
Section 12.4 Binding Effect	28
Section 12.5 Entire Agreement	28
Section 12.6 Headings	28

Section 12.7 Execution in Counterpart	28
Section 12.8 Notices	28
Section 12.9 Governing Law	29
Section 12.10 Publicity	29
Section 12.11 Termination	29
Section 12.12 Expenses	30

Exhibits

Exhibit A: Note
Exhibit B: License Agreement
Exhibit C: Sublease
Exhibit D: Assignment Agreement
Exhibit E: Guaranty Agreement

Schedules

BFF Disclosure Schedule
DZI Disclosure Schedule

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is dated as of this ____ day of May, 1995 by and among DISCOVERY ZONE, INC., a Delaware corporation ("DZI"), DISCOVERY ZONE L.P., a Delaware limited partnership ("DZLP") and an indirect wholly-owned subsidiary of DZI, BLOCKBUSTER AMUSEMENT HOLDING CORPORATION, a Delaware corporation ("BAHC") and a wholly-owned subsidiary of Viacom Inc. ("Viacom"), and BLOCKBUSTER FAMILY FUN, INC., a Delaware corporation ("BFF").

Recitals

Blockbuster Fun & Fitness Holding Corp. ("BFFHC"), which is a wholly-owned subsidiary of BAHC, owns all of the issued and outstanding shares of capital stock of BFF. BFF is engaged in the business of owning, operating and developing a family entertainment center under the name and mark of "Block Party" in each of Albuquerque, New Mexico and Indianapolis, Indiana (the "Centers"). This Agreement provides for the sale by BFF to DZLP of substantially all of BFF's assets, properties and business related to the Centers (the "Business") for a purchase price consisting of a promissory note and the assumption by DZLP of certain obligations of BFF, all as herein provided and on the terms and conditions hereinafter set forth.

Covenants

NOW, THEREFORE, DZI, DZLP, BAHC and BFF, in consideration of the agreements, covenants and conditions contained herein, hereby make the following representations and warranties, give the following covenants and agree as follows:

ARTICLE I

Purchase and Sale of Assets

Section 1.1 Purchased Assets. BFF agrees to and will sell, convey, transfer, assign and deliver to DZLP at the Closing (as hereinafter defined), free and clear of all liens, mortgages, pledges, encumbrances and charges of every kind (except those which DZLP has expressly agreed in Section 2.2 hereof to assume), on the terms and subject to the conditions set forth in this Agreement, all of the assets, properties and business of BFF of every kind and description, real, personal and mixed, tangible and intangible, of BFF wherever located (except those assets of BFF which are specifically excluded from this sale by Section 1.2 hereof) as they shall exist at the Closing Date (as hereinafter defined), in each case used exclusively in the Business (collectively, the "Purchased Assets"). Without limiting the generality of the foregoing, but subject to Section 1.2 hereof, the Purchased Assets shall include the following:

1.1.1 all machinery, equipment, tools, supplies, leasehold improvements, construction in progress, furniture and fixtures, automobiles and trucks and other fixed assets owned by BFF (the "Purchased Fixed Assets");

1.1.2 all inventories of BFF (the "Purchased Inventory");

1.1.3 all receivables of BFF, including without limitation all trade accounts receivable arising from sales of inventory in the ordinary course of business, notes receivable and insurance proceeds receivable (the "Purchased Receivables");

1.1.4 all of the interest of and the rights and benefits accruing to BFF as lessee under (i) all leases of real property and all improvements to and buildings thereon including without limitation those described in Section 4.4.2 of the BFF Disclosure Schedule (as hereinafter defined) (the "Purchased Leasehold Premises"), and (ii) all leases or rental agreements covering machinery, equipment, tools, supplies, furniture and fixtures, automobiles and trucks and other fixed assets, including without limitation those described in Section 4.11 of the BFF Disclosure Schedule (the "Purchased Leased Property") (the leasehold rights described in clauses (i) and (ii) are collectively referred to as the "Purchased Leasehold Rights");

1.1.5 all of the rights and benefits accruing to BFF under all sales orders, sales contracts, supply contracts, purchase orders and purchase commitments made by BFF in the ordinary course of business, all other agreements to which BFF is a party or by which it is bound and all other choses in action, causes of action and other rights of every kind of BFF (the "Purchased Contract and Other Rights");

1.1.6 all operating data and records of BFF, including, without limitation, the Centers' customer lists, financial, accounting and credit records, correspondence, budgets and other similar documents and records (the "Purchased Records");

1.1.7 all of the proprietary rights of BFF, including without limitation all trademarks, trade names, patents, patent applications, licenses thereof, trade secrets, technology, know-how, formulae, designs and drawings, computer software, slogans, copyrights, processes, operating rights, other licenses and permits, and other similar intangible property and rights relating to the products or business of the Centers (the "Purchased Proprietary Rights");

1.1.8 all cash and cash equivalents and investments, whether short-term or long-term, of the Centers, including without limitation bank accounts, certificates of deposit, treasury bills and securities (the "Purchased Cash and Investments");

1.1.9 all prepaid and deferred items of BFF, other than prepaid rentals and taxes, including prepaid insurance and unbilled charges and deposits relating to the operations of the Centers (the "Purchased Prepaid Items"); and

1.1.10 all of the goodwill of BFF (the "Purchased Goodwill").

Section 1.2 Excluded Assets. Anything to the contrary in Section 1.1 notwithstanding, the Purchased Assets shall exclude the following assets of BFF: (i) the Note (as hereinafter defined) and BFF's other rights under this Agreement; (ii) any shares of capital stock of BFF which are owned and held by BFF as treasury shares; (iii) the corporate minute books and stock records of BFF; (iv) all trademarks and trade names and other intangible property and

rights relating to, derived from, or using the name "Block Party", "Blockbuster" or the torn-ticket logo; (v) the liquor license issued with respect to the Albuquerque Center; (vi) the \$1,785,450 in cash received by BFF as a reimbursement by the Landlord of leasehold improvement costs with respect to the Indianapolis Purchased Leasehold Premises; and (vii) all property and assets of BFF not used in the operation of the Centers.

ARTICLE II

Purchase Price; Assumption of Liabilities

Section 2.1 Amount of the Purchase Price. As consideration for the Purchased Assets (the "Purchase Price"), DZLP agrees, subject to the terms, conditions and limitations set forth in this Agreement:

2.1.1 to deliver to BFF a promissory note, in the form of Exhibit A attached hereto, in an aggregate principal amount of \$13,214,550 (the "Note"); and

2.1.2 to assume and be responsible for the Assumed Liabilities (as hereinafter defined).

Section 2.2 Assumed Liabilities. DZLP agrees to and will at the Closing assume and agree to pay, discharge and perform when lawfully due only those liabilities, contracts, commitments and other obligations of BFF (i) arising after the Closing Date under all leases for the Purchased Leasehold Premises and the Purchased Leased Property or (ii) set forth in Section 2.2 of the BFF Disclosure Schedule (the "Assumed Liabilities").

Section 2.3 Excluded Liabilities. Anything to the contrary in Section 2.2 notwithstanding, the Assumed Liabilities shall exclude the following liabilities, contracts, commitments and other obligations of BFF (the "Excluded Liabilities"):

2.3.1 BFF's obligations and any liabilities arising under this Agreement;

2.3.2 any obligation of BFF for federal, state, local or foreign income tax liability (including interest and penalties) arising from the operations of the Business up to the Closing Date or arising out of the sale by BFF of the Purchased Assets pursuant hereto, including without limitation the liabilities shown on the Financial Statements (as hereinafter defined) as "Deferred Taxes";

2.3.3 any obligation of BFF for any transfer, sales or other taxes, fees or levies (including motor vehicle sales taxes) imposed by any state or other governmental entity on or arising out of the sale of the Purchased Assets pursuant hereto;

2.3.4 any obligation of BFF for expenses incurred in connection with the sale of the Purchased Assets pursuant hereto, including, without limitation, the fees and expenses of their counsel;

2.3.5 any obligation or liability of BFF listed on Section 2.3 of the BFF Disclosure Schedule;

2.3.6 any liability, contract, commitment or other obligation of BFF, known or unknown, fixed or contingent, the existence of which constitutes or will constitute a breach of any representation or warranty of BAHC contained in or made pursuant to Article IV of this Agreement;

2.3.7 any liability relating to the employees or other personnel of the Business prior to the Closing or in connection with the performance by BFF of its obligations under the Sublease (as hereinafter defined), including, without limitation, accrued salaries, liabilities under pension or other "employee benefit plans" (as such term is used in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA")) maintained or contributed to by BFF or any member of BFF's "control group" (as such term is used in Section 414(b) and (c) of the Internal Revenue Code of 1986, as amended (the "Code")), expenses of such employees and other personnel, liabilities and obligations under any collective bargaining agreement, liabilities and obligations for Workers' Compensation claims and liabilities and obligations for any claims arising under the Workers Adjustment and Retraining Notification Act of 1988 or any similar law in any jurisdiction;

2.3.8 liabilities and obligations under any Environmental Law (as hereinafter defined) arising out of the conduct of the Business prior to the Closing, the operation of the Albuquerque Center pursuant to the Sublease, or the ownership, operation, or occupancy of any real property presently or previously owned, used, or occupied by the Business; and

2.3.9 without limiting the generality of the foregoing, all other liabilities, contracts, commitments, costs, expenses, or other obligations of BFF not specifically assumed by DZI in Section 2.2, of any nature whatsoever, known or unknown, liquidated or unliquidated, accrued, absolute, contingent, or otherwise, whether or not related to the Business, the Purchased Assets or BFF's operation of the Business, and whether arising prior to or after the Closing Date.

Section 2.4 Allocation of the Purchase Price among the Purchased Assets. The Purchase Price shall be allocated among each item or class of the Purchased Assets as shall be agreed upon by the parties hereto within 60 days from the Closing Date. BFF and DZLP agree that they will prepare and file their federal and any state or local income tax returns based on such allocation of the Purchase Price. BFF and the DZLP agree that they will prepare and file any notices or other filings required pursuant to Section 1060 of the Internal Revenue Code of 1986, and that any such notices or filings will be prepared based on such allocation of the Purchase Price.

ARTICLE III

Closing

Section 3.1 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of DZI, on May 24, 1995 or as soon as practicable after the satisfaction or waiver of the conditions which are set forth in Articles VIII and IX of this Agreement and concurrent with the closing under the Stock Purchase Agreement dated as of April 17, 1995 (the "Stock Purchase Agreement") by and among DKB, Inc., the Kevin F. Flynn June, 1992 Non-Exempt Trust, the Brian J. Flynn June, 1992 Non-Exempt Trust, Donald F. Flynn, Kevin F. Flynn, Brian J. Flynn, BAHC, and BAHC's indirect wholly-owned subsidiary Blockbuster Discovery Investment, Inc. The date on which the Closing occurs is sometimes referred to herein as the "Closing Date."

Section 3.2 Procedure at the Closing. At the Closing, the parties hereto agree to take the following steps in the order listed below (provided, however, that upon their completion all such steps shall be deemed to have occurred simultaneously):

3.2.1 BAHC shall deliver to DZI, in form and substance reasonably satisfactory to DZI, the certificate described in Section 8.1 hereof and all other previously undelivered documents required to be delivered by BFF or BAHC to DZI at or prior to the Closing pursuant to the terms of this Agreement.

3.2.2 DZI shall deliver to BAHC or BFF, in form and substance reasonably satisfactory to BAHC, the certificate described in Section 9.1 hereof and all other previously undelivered documents required to be delivered by DZI to BAHC or BFF at or prior to the Closing pursuant to the terms of this Agreement.

3.2.3 BFF shall deliver to DZLP such deeds, bills of sale, endorsements, assignments and other instruments, in such form as in each case is reasonably satisfactory to DZI, as shall be sufficient to vest in DZLP good and marketable title to the Purchased Assets, free and clear of all liens, mortgages, pledges, encumbrances, and charges of every kind (except those which DZI has expressly agreed in Section 2.2 hereof to assume).

3.2.4 Viacom and Blockbuster Entertainment Inc. ("BEI") shall execute and deliver to DZI a royalty-free license in the form attached hereto as Exhibit B (the "License Agreement").

3.2.5 DZLP shall execute and deliver to BFF the Note.

3.2.6 DZLP shall deliver to BFF instruments, in such form as in each case is satisfactory to BFF, as shall be sufficient to effect the assumption by DZLP of the Assumed Liabilities.

3.2.7 DZLP and BFF shall execute and deliver a lease agreement in the form attached hereto as Exhibit C (the "Sublease").

3.2.8 Viacom shall execute and deliver a trademark assignment in the form attached hereto as Exhibit D (the "Assignment Agreement").

3.2.9 DZI shall execute and deliver to BFF the guaranty agreement in the form attached hereto as Exhibit E ("the Guaranty Agreement").

3.2.10 DZLP and BFF shall execute and deliver a cross receipt acknowledging receipt from the other, respectively, of the Purchased Assets and the Purchase Price.

ARTICLE IV

Representations and Warranties of BAHC

In order to induce DZI and DZLP to enter into this Agreement and to purchase the Purchased Assets, subject to the disclosure schedule attached hereto and incorporated herein by reference (the "BFF Disclosure Schedule"), BAHC hereby makes the representations and warranties set forth below, each of which is independently relied upon by DZI and DZLP regardless of any other investigation made or information obtained by DZI or DZLP, and each of which is correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article IV). As used hereinafter in this Article IV, (i) the term "knowledge of BAHC" shall mean actual knowledge of the executive officers, officers or persons having the position of district manager or higher of BAHC and/or BFF on the date hereof after reasonable investigation and (ii) the term "BFF Material Adverse Effect" shall mean a material adverse effect on the Business or the Purchased Assets taken as a whole.

Section 4.1 Organization, Power, Authority, Authorization and Binding Obligation.

4.1.1 BFF is a corporation duly organized and legally existing in good standing under the laws of the jurisdiction of its incorporation and has full corporate power and authority necessary (i) to own or lease its properties and to carry on its business as it is now being conducted, and (ii) to enter into this Agreement and the agreements contemplated hereby, and to carry out the transactions and agreements contemplated hereby or thereby. BFF is legally qualified to transact business as a foreign corporation, and is in good standing, in each of the jurisdictions in which its business or property is such as to require that it be thus qualified, except such jurisdictions where the failure to be so qualified would not have a BFF Material Adverse Effect. BAHC is a corporation duly organized and legally existing in good standing under the laws of the jurisdiction of its incorporation, with full corporate power and authority to enter into this Agreement and to carry out the transactions and agreements contemplated hereby or thereby.

4.1.2 The execution, delivery and performance of this Agreement, the License Agreement, the Sublease and each of the other agreements contemplated hereby and thereby and the consummation of the transactions contemplated hereby and thereby have been duly

authorized by all necessary corporate action of each of BAHC and BFF, as the case may be. Each of this Agreement and the License Agreement has been duly executed and delivered by each of BAHC and BFF and is a valid and binding obligation of BAHC and BFF, enforceable in accordance with its terms. The Sublease has been duly authorized and, when executed and delivered in accordance with its terms, will be a valid and binding agreement of each of BFF enforceable in accordance with its terms. Except as set forth on Section 4.1 of the BFF Disclosure Schedule, neither the execution and delivery of this Agreement, the License Agreement or the Sublease or the agreements contemplated thereby nor the consummation of the transactions contemplated hereby or thereby will, as the case may be: (i) conflict with or violate any provision of BAHC's or BFF's respective certificates of incorporation or bylaws; (ii) conflict with or violate any law, ordinance or regulation or any decree or order of any court or administrative or other governmental body which is either applicable to, binding upon or enforceable against BAHC or BFF; (iii) result in any breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under, any mortgage, contract, agreement, indenture, trust or other instrument which is either binding upon or enforceable against BAHC or BFF or the assets and properties of BAHC or BFF; or (iv) impair or in any way limit any governmental or official license, approval, permit or authorization of BAHC or BFF; except, in the case of each of clauses (iii) and (iv) above, for such breaches, defaults, accelerations, creations of any right to accelerate, terminate, modify or cancel, requirements of notice, impairments or limitations, which would not have a BFF Material Adverse Effect. No permit, consent, approval or authorization of, or declaration to or filing with, any regulatory or other government authority is required in connection with the execution and delivery of this Agreement, the License Agreement or the Sublease or the agreements contemplated thereby by BAHC or BFF, as the case may be, and the consummation by each of them of the transactions contemplated hereby or thereby, except such as shall have been obtained on or prior to the Closing Date and such consents and approvals as are required to transfer to DZLP the liquor license issued to BFF with respect to the Indianapolis Center.

Section 4.2 Financial Statements.

4.2.1 Set forth in Section 4.2 of the BFF Disclosure Schedule are the following unaudited financial statements, including the notes pertaining thereto, of BFF (collectively, the "Financial Statements"):

- (i) balance sheet at March 31, 1995;
- (ii) statements of income and retained earnings and cash flow for each calendar year since the formation of BFF; and
- (iii) statements of income and retained earnings and cash flow for the four-month period ended April 23, 1995.

4.2.2 The Financial Statements present fairly the financial position of BFF as of such balance sheet date and the results of its operations for such periods; provided, that the unaudited balance sheet and statements of income and retained earnings and cash flow as of and for the four-month period ended April 23, 1995 will be subject to normal year-end adjustments (which

will not be material individually or in the aggregate). The unaudited balance sheet of BFF at March 31, 1995 included in Section 4.2 of the BFF Disclosure Schedule is referred to herein as the "Last Balance Sheet."

Section 4.3 Liabilities. BFF does not have any liabilities or obligations, either accrued, absolute, contingent or otherwise, except: (i) to the extent reflected in or taken into account in determining net worth on the Last Balance Sheet and not heretofore paid or discharged; (ii) to the extent clearly disclosed and specifically set forth in or incorporated by express reference in the BFF Disclosure Schedule; (iii) liabilities incurred in the ordinary course of business (consistent with prior practice) since the date of the Last Balance Sheet; or (iv) liabilities which individually or in the aggregate would not have a BFF Material Adverse Effect.

Section 4.4 Real Estate.

4.4.1 BFF does not own any real estate.

4.4.2 Section 4.4.2 of the BFF Disclosure Schedule accurately and completely sets forth, with respect to every parcel of the Leasehold Premises: (i) the lessor thereof and the commencement date and term of the lease with respect to such Purchased Leasehold Premises; and (ii) the location (including address) thereof. A true and complete copy of each lease agreement listed on Section 4.4.2 of the BFF Disclosure Schedule and each guaranty by BAHC or any of its subsidiaries of BFF's obligations under any lease has been delivered or made available to DZI prior to the date hereof, and none of such leases or guaranties has been amended or modified except to the extent that such amendments or modifications are disclosed in such copies or in Section 4.4.2 of the BFF Disclosure Schedule. The leases covering the Purchased Leasehold Premises are legally binding and enforceable agreements of BFF and are in full force and effect. BFF is not in default or breach in any respect under any such lease except for such defaults which would not have a BFF Material Adverse Effect. No event has occurred which with the passage of time or the giving of notice or both would cause a breach of or default by BFF, under any of such leases which would have a BFF Material Adverse Effect, nor, to the knowledge of BAHC (which knowledge qualification is not applicable for purposes of determining whether there is a breach of this representation or warranty giving rise to a claim for indemnifiable damages by DZI under Section 11.1 hereof), is there any breach by any other party to such leases which would have a BFF Material Adverse Effect. Except as set forth on Section 4.4.2 of the BFF Disclosure Schedule, neither BAHC nor BFF has: (i) received any notice from a landlord of Purchased Leasehold Premises of the termination of any such lease, (ii) exercised or waived any expansion or renewal options thereunder, (iii) waived in writing any of BFF's rights under any of such leases, or (iv) sublet any Purchased Leasehold Premises.

4.4.3 BFF has a valid leasehold interest in each of its respective Purchased Leasehold Premises, free and clear of all liens, mortgages, options to purchase, pledges, encumbrances, charges, claims, security interests, equities, assessments, restrictions, leases, subleases, tenancies, covenants and easements, title defects or rights of any other party of any kind, nature and description whatsoever (any of the preceding, a "Defect"), except for Defects set forth on Section 4.4.3 to the BFF Disclosure Schedule, liens for real estate taxes not yet due and payable,

and such Defects, if any, as are not material in character, amount or extent and do not detract from the value, or interfere with the present use, of such properties or otherwise impair business operations in a manner which would have a BFF Material Adverse Effect.

4.4.4 Except as set forth on Section 4.4.4 of the BFF Disclosure Schedule, the buildings and other improvements located on the Purchased Leasehold Premises are each in good operating condition, normal wear and tear excepted. All facilities located on the Purchased Leasehold Premises have received all necessary approvals of governmental authorities (including licenses and permits required in connection with the operation thereof) except for such approvals the absence of which would not have a BFF Material Adverse Effect. The operation and maintenance of such facilities have not been in violation of any applicable laws, rules and regulations, the violation of which would have a BFF Material Adverse Effect.

4.4.5 Each of the Purchased Leasehold Premises: (i) has direct access to public roads or access to public roads by means of a perpetual access easement and has direct access and the non-exclusive right to the use of parking areas for automobiles, such access and parking being sufficient to satisfy the current normal transportation and parking requirements of the Centers; and (ii) is served by all utilities in such quantity and quality as are sufficient to satisfy the current normal business activities as conducted at such site.

4.4.6 Neither BAHC nor BFF has received notice of: (i) any condemnation proceeding with respect to any portion of the Purchased Leasehold Premises or any access thereto, and to the knowledge of BAHC (but without inquiry of any governmental authority), no proceeding is contemplated by any governmental authority; (ii) any special assessment which materially affects any of the Purchased Leasehold Premises, and, except as set forth in Section 4.4.6 of the BFF Disclosure Schedule, to the knowledge of BAHC (but without inquiry of any governmental authority), no such special assessment is contemplated by any governmental authority; or (iii) any change in the zoning laws applicable to any Purchased Leasehold Premises.

Section 4.5 Good Title to and Condition of Purchased Assets.

4.5.1 BFF is the legal and beneficial owner of, and has good and marketable title to, all of the Purchased Assets (other than the Purchased Leasehold Premises) free and clear of all Defects, except those set forth in Section 4.5 of the BFF Disclosure Schedule and those reflected in the Financial Statements, and those Defects, if any, as are not material in character, amount or extent and do not detract from the value, or interfere with the present use, of such assets or otherwise impair business operations, in each case in a manner which would have a BFF Material Adverse Effect.

4.5.2 All of the Purchased Fixed Assets are in good operating condition, normal wear and tear excepted, except for Purchased Fixed Assets having an aggregate net book value of not in excess of \$25,000, and each of the Purchased Fixed Assets which has a book value in excess of \$5,000 is in good operating condition, normal wear and tear excepted.

4.5.3 The Purchased Inventory consists of items of a quality and quantity usable and salable in the normal course of BFF's business at values in the aggregate at least equal to the net

values at which such items are carried on BFF's books and at values at least equal to the net values at which such items are recorded in the Last Balance Sheet, as adjusted for operations and transactions through the Closing Date in accordance with the past custom and practice of BFF.

Section 4.6 Environmental Matters.

4.6.1 As used in this Section 4.6, "Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), the Occupational Safety and Health Act (29 U.S.C. Sections 651 et. seq.) ("OSHA"), and the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), together with all other applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees and rulings thereunder) of any governmental authority relating to (i) emissions, discharges, releases, or threatened releases of Hazardous Material (as hereinafter defined) into ambient air, surface water, ground water, or lands, (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Material, (iii) worker health and safety, or (iv) pollution or protection of the environment. "Hazardous Material" means (a) any "hazardous waste" as defined in RCRA and the Regulations promulgated thereunder, (b) any "hazardous substance" or "pollutant or contaminant" as defined in CERCLA and regulations promulgated thereunder; (c) asbestos, as that term is defined in the Toxic Substance Control Act (15 U.S.C. Sections 2601 et. seq.) (the "TSCA"); (d) any Polychlorinated Biphenyl, as that term is defined in the TSCA; and (e) petroleum, any of its derivatives, by-products and other petroleum-related hydrocarbons.

4.6.2 The operations of BFF are in compliance with all Environmental Laws except for violations which would not have a BFF Material Adverse Effect. Neither of BAHC nor BFF has received notification of any past or present failure by BFF to comply with any Environmental Laws applicable to BFF or the assets and properties of BFF. Without limiting the generality of the foregoing, neither BAHC nor BFF has received any notification (including requests for information directed to BAHC or BFF) from any governmental agency asserting that BFF is or may be a "potentially responsible party" for a remedial action at a waste storage, treatment or disposal facility, pursuant to the provisions of any Environmental Law assigning responsibility for the costs of investigating or remediating releases of Hazardous Materials into the environment.

4.6.3 To the knowledge of BAHC or BFF, BFF has not disposed or arranged for any third parties to dispose, of Hazardous Material upon the Purchased Leasehold Premises or away from such property, except as permitted by law. Except as set forth on Section 4.6 of the BFF Disclosure Schedule (which disclosure is for information purposes only and will not qualify this representation or warranty for purposes of determining whether there is a breach of this representation or warranty giving rise to a claim for indemnifiable damages by DZI under Section 11.1 hereof), there are no Environmental Laws or licenses, permits or orders applicable to BFF related to environmental matters requiring any work, repairs, construction or capital expenditures by BFF with respect to the assets or properties of BFF which would have a BFF Material Adverse Effect.

4.6.4 There has not occurred, nor is there presently occurring, a release of any Hazardous Material on, into or, to the knowledge of BAHC, beneath the surface of any of the Purchased Leasehold Premises. For purposes of this Section 4.6, the term "release" shall mean releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping. There is no asbestos in or on any of the Purchased Leasehold Premises, the existence of which would have a BFF Material Adverse Effect .

4.6.5 Section 4.6 of the BFF Disclosure Schedule identifies (which disclosure is for information purposes only and will not qualify this representation or warranty for purposes of determining whether there is a breach of this representation or warranty giving rise to a claim for indemnifiable damages by DZI under Section 11.1 hereof), and BAHC has delivered or made available to DZI final copies of, the following materials that are in the possession of BAHC, BFF or their affiliates (and any other such materials that, to the knowledge of BAHC, have been prepared): (i) all environmental audits or studies, assessments or occupational health studies relating to the assets, properties or business of the Centers undertaken by governmental agencies or BFF or their agents; (ii) the results of any ground, water, soil, air or asbestos monitoring undertaken with respect to the Purchased Leasehold Premises; (iii) all written communications between BFF and any environmental agency within the past three years; and (iv) all citations issued to BFF within the past three years under the OSHA.

4.6.6 Except as set forth on Section 4.6 of the BFF Disclosure Schedule (which disclosure is for information purposes only and will not qualify this representation or warranty for purposes of determining whether there is a breach of this representation or warranty giving rise to a claim for indemnifiable damages by DZI under Section 11.1 hereof), BFF has not used any underground storage tanks and there are not now nor, to the knowledge of BAHC or BFF, have there ever been any underground storage tanks on the Purchased Leasehold Premises. For purposes of this Section 4.6.6, the term "underground storage tanks" shall have the meaning given it in RCRA.

Section 4.7 Intentionally Omitted

Section 4.8 Licenses and Permits. BFF possesses all licenses and other required governmental or official approvals, permits or authorizations, the failure to possess which would have a BFF Material Adverse Effect. Except as set forth in Section 4.8 of the BFF Disclosure Schedule (which disclosure is for information purposes only and will not qualify the representation or warranty for purposes of determining whether there is a breach of this representation and warranty giving rise to a claim for indemnifiable damages by DZI under Section 11.1 hereof), all such licenses, approvals, permits and authorizations are valid and in full force and effect, BFF is in compliance with their requirements, and no proceeding is pending or, to the knowledge of BAHC, threatened to revoke or amend any of them. Except for liquor licenses for each of the Centers, none of such licenses, approvals, permits or authorizations will be impaired by the execution and delivery of this Agreement and the consummation of the

transactions contemplated hereby in any manner that would result in a BFF Material Adverse Effect.

Section 4.9 Intellectual Property.

4.9.1 Section 4.9.1 of the BFF Disclosure Schedule identifies (i) each patent, trademark or service mark registration and copyright registration issued to BFF, (ii) each pending patent application or application for trademark, service mark or copyright registration made by BFF to be used in the operation of the Centers, (iii) each material unregistered trademark, service mark and trade name owned by BFF, (iv) each license, sublicense, agreement, or other written permission under which BFF uses the Intellectual Property (as hereinafter defined) of any third party in the operation of the Centers, and (v) each license, sublicense, agreement, or other written permission under which any third party uses any Intellectual Property of BFF constituting Purchased Assets. BFF has delivered or made available to DZI a correct and complete copy of each patent, trademark, service mark or copyright registration, application, license, sublicense, agreement, or written permission listed in Section 4.9.1 of the BFF Disclosure Schedule. BFF possesses all items of intellectual property of the types described in clauses (i) through (v) of the first sentence of this Section 4.9.1 and other proprietary rights, including trade secrets and other confidential business information, inventions, technology, know how, designs and drawings, slogans, and other similar intangible property and rights to any of the foregoing (collectively, the "Intellectual Property"), necessary to operate the Centers as they are now being operated.

4.9.2 With respect to each patent, trademark registration, service mark registration, copyright registration, patent application, and application for trademark, service mark, copyright registration, unregistered trademark, service mark and trade name listed in Section 4.9.1 of the BFF Disclosure Schedule, except as set forth in Section 4.9.2 of the BFF Disclosure Schedule, (i) BFF possesses all right, title, and interest in and to each such item of Intellectual Property, free and clear of any Defect, (ii) such Intellectual Property is not subject to any outstanding injunction, judgment, order, ruling, decree or charge, (iii) no action, suit, proceeding, hearing, investigation, complaint, claim or demand is pending, or to the knowledge of BAHC, is threatened which challenges the legality, validity, enforceability, use or ownership of such Intellectual Property, and (iv) to the knowledge of BAHC, there is no infringement of any of such Intellectual Property or other Intellectual Property of BFF by any other person. Each license, agreement, or written permission listed in Section 4.9.1 of the BFF Disclosure Schedule (i) is legal, valid, binding and enforceable against BFF and in full force and effect, (ii) neither BFF nor, to the knowledge of BAHC, any other party thereto, is in breach or default (either presently or with the giving of notice or the lapse of time or both) under any of such licenses agreements or written permissions, and (iii) no event has occurred which would permit the termination, modification or acceleration of any such license, agreement or written permission. BFF is not infringing or misappropriating the Intellectual Property of any other person. Except as set forth in Section 4.9.2 of the BFF Disclosure Schedule, all filing and/or registration requirements with respect to the Intellectual Property (including the payment of filing and registration fees, if applicable) are not past due, except where the failure to comply with such requirement would not result in a BFF Material Adverse Effect.

4.9.3 Except as set forth on Section 4.9.3 of the BFF Disclosure Schedule, BFF is the licensee, or the legal and beneficial owner of and has good and marketable title to, each software and hardware computer-related component currently used in connection with and necessary to support operations at the Centers.

Section 4.10 Adequacy of Assets; Relationships with Suppliers. Except as set forth on Section 4.10 of the BFF Disclosure Schedule, the Purchased Assets and the intellectual property subject to the License Agreement and the Assignment Agreement constitute, in the aggregate, all of the property currently used in and necessary for the conduct of the Business in the manner in which it is currently being conducted. The Purchased Contracts and Other Rights constitute all of such contracts and rights as are necessary to conduct the Business in the manner in which it is currently being conducted except for such contracts and rights the absence of which, individually or in the aggregate, would not have a BFF Material Adverse Effect. There is, to the knowledge of BAHC, no written or oral communication, fact, event or action which exists or has occurred within 90 days prior to the date of this Agreement, which indicate that any current supplier to BFF of items essential to the conduct of the Business will terminate its business relationship with BFF.

Section 4.11 Documents of and Information with Respect to BFF. Section 4.11 of the BFF Disclosure Schedule accurately and completely sets forth a true and complete list of the following: (i) each material agreement, contract or commitment between BFF on the one hand, and BAHC or any of BAHC's other subsidiaries, on the other hand; (ii) each loan, credit agreement, guarantee, security agreement or similar document or instrument to which BFF is a party or by which it is bound; (iii) each lease of personal property to which BFF is a party or by which it is bound involving annual lease payments in excess of \$50,000; (iv) any other agreement, contract or commitment to which BFF is a party or by which it is bound which involves a future commitment by it in excess of \$50,000 and which cannot be terminated without liability on 90 days or less notice; (v) each collective bargaining agreement of BFF; (vi) the name and current annual salary of each officer or other employee of BFF whose current annual salary is in excess of \$100,000 and the profit sharing, bonus or any other form of compensation (other than salary) paid or payable by BFF to or for the benefit of each such person for the 365-day period ended March 31, 1995, and any employment or other agreement of BFF with any of its officers or employees; (vii) the names of the officers and directors of BFF; and (viii) the name and address of each bank or depository in which BFF has an account or safe-deposit box, the name in which the account or box is held and the names of all persons authorized to draw thereon or to have access thereto. BAHC has previously furnished or made available to DZI a true and complete copy of each such written (and a written summary of each of those that are not written) agreement, contract or commitment listed on Section 4.11 of the BFF Disclosure Schedule. None of BFF nor, to the knowledge of BAHC, any other party thereto or bound thereby is in default under any of the contracts, agreements or instruments listed on Section 4.11 of the BFF Disclosure Schedule, except where such default would not have a BFF Material Adverse Effect, and, to the knowledge of BAHC (other than with respect to acts or omissions of BAHC or BFF), no act or event has occurred which with notice or lapse of time, or both, would constitute such a default. BFF is not a party to, nor is it or any of its property bound by, any other agreement or instrument with respect to which a default might have a BFF Material Adverse Effect. With

respect to all contracts, agreements and instruments listed on Section 4.11 of the BFF Disclosure Schedule and except as set forth therein each is in full force and effect and a legally binding agreement of BFF.

Section 4.12 Tax Matters.

4.12.1 BFF has timely filed all returns and reports required to be filed with respect to sales, use and property taxes, and has collected and timely paid all sales, use and property taxes required to be collected or paid by BFF, except where the failure to file such returns and reports or collect and pay such taxes would not have a BFF Material Adverse Effect.

4.12.2 Except as provided in Section 4.12 of the BFF Disclosure Schedule, (i) BFF has not received from any governmental authority any written notice of proposed adjustment, deficiency or underpayment of any sales, use or property taxes, which notice has not been satisfied by payment or been withdrawn, (ii) there are no claims that have been asserted or threatened relating to such taxes against BFF, and (iii) there are no agreements for the extension of time for the assessment of any such taxes of BFF.

Section 4.13 Litigation. Except as set forth on Section 4.13 of the BFF Disclosure Schedule (which disclosure is for information purposes only and will not qualify this representation or warranty for purposes of determining whether there is a breach of this representation or warranty giving rise to a claim for indemnifiable damages by DZI under Section 11.1 hereof), there are no actions, suits, claims, governmental investigations or arbitration proceedings pending or, to the knowledge of BAHC, threatened against or affecting BFF or any of its assets or properties except, in the case of threatened actions, suits, claims, governmental investigations or arbitration proceedings only, any such actions, suits, claims, governmental investigations, or arbitration proceedings as would not have a BFF Material Adverse Effect. There are no outstanding injunctions, judgments, orders, rulings, decrees or charges of any federal, state, provincial or local judicial, quasi-judicial or administrative authority by which BFF or any of its assets are bound which would reasonably be expected to have a BFF Material Adverse Effect.

Section 4.14 No Material Adverse Change. Except as disclosed on Section 4.14 of the BFF Disclosure Schedule, since the date of the Last Balance Sheet, (i) there has not occurred any event which would have a BFF Material Adverse Effect, and (ii) there is, to the knowledge of BAHC, no threatened or prospective event or condition of any character whatsoever (other than general economic conditions) which is reasonably expected to have a BFF Material Adverse Effect.

Section 4.15 Absence of Certain Acts or Events. Except as disclosed on Section 4.15 of the BFF Disclosure Schedule, and except for this Agreement and the transactions contemplated hereby, since March 31, 1995, BFF has not: (i) made any change in the employment terms for any of its officers or employees, paid any bonus to or increased the compensation of any of the foregoing outside the ordinary course or granted any severance or termination pay to, or entered into any severance agreement with any officer or employee; (ii) established, adopted, entered into or amended, in any material respect, or took action to

accelerate any rights or benefits under any employee benefit plan; (iii) made or obligated itself to make any capital expenditures aggregating more than \$25,000, other than capital expenditures relating to the construction or furnishing of any Centers; (iv) paid any expenses on its own behalf or on behalf of BAHC in connection with the transactions contemplated hereby; or (v) otherwise engaged in any business or transactions (including purchases, sales or pledging of assets), or incurred any indebtedness, outside of the ordinary course of business.

Section 4.16 Compliance with Laws.

4.16.1 BFF is in compliance with all laws, regulations and orders applicable to the Purchased Assets and the Business, except where the failure to so comply would not have a BFF Material Adverse Effect. Neither BFF nor BAHC has received notification of any asserted past or present failure by BFF to comply with any laws, which failure (if established) would have a BFF Material Adverse Effect.

4.16.2 Neither BFF nor BAHC nor any officer of BFF has made any payment of funds in connection with the business of BFF prohibited by law.

4.16.3 BFF is and at all times has been in full compliance with the terms and provisions of the Immigration Reform and Control Act of 1986 (the "Immigration Act"). With respect to each Employee (as defined in 8 C.F.R. 274a. 1(f)) of BFF for whom compliance with the Immigration Act by BFF as Employer is required, BFF possesses (i) each such Employee's Form I-9 (Employment Eligibility Verification form), and (ii) all other records, documents or other papers prepared, procured and/or retained by BFF pursuant to the Immigration Act. BFF has not been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order, nor has any action or administrative proceeding been initiated or threatened against BFF by reason of any actual or alleged failure to comply with the Immigration Act.

Section 4.17 Labor Relations of BFF. Except as set forth in Section 4.17 of the BFF Disclosure Schedule, BFF is not a party to or bound by any collective bargaining agreement or any other agreement with a labor union, and there has been no effort by any labor union during the 24 months prior to the date hereof to organize any employees of BFF into one or more collective bargaining units. There is not pending or, to the knowledge of BAHC, threatened any labor dispute, strike or work stoppage which affects or which may affect the business of BFF or which may interfere with their continued operation. BAHC has not received notice (which notice qualification is not applicable for purposes of determining whether there is a breach of this representation or warranty giving rise to a claim for indemnifiable damages by DZI under Section 11.1 hereof) that any of BFF or any agent, representative or employee of BFF or BAHC has within the last 24 months committed any unfair labor practice as defined in the National Labor Relations Act which would have a BFF Material Adverse Effect, and there is not now pending or, to the knowledge of BAHC, threatened any charge or complaint against BFF by or with the National Labor Relations Board or any representative thereof. There has been no strike, walkout or work stoppage involving any of the employees of BFF during the 24 months prior to the date hereof.

Section 4.18 Employee Benefits. BFF does not maintain, contribute to or sponsor, nor at any time since June 30, 1989, has it maintained, contributed to or sponsored: (i) any non-qualified deferred compensation or retirement plans or arrangements; (ii) any qualified defined contribution retirement plans or arrangements; (iii) any qualified defined benefit pension plan; (iv) any other plan, program, agreement or arrangement under which former employees of BFF or their beneficiaries are entitled, or current employees of BFF will be entitled following termination of employment, to medical, health, life insurance or other benefits other than pursuant to benefit continuation rights granted by state or federal law; or (v) any other employee benefit, health, welfare, medical, disability, life insurance, stock, stock purchase or stock option plan, program, agreement, arrangement or policy.

Section 4.19 Product and Other Liability Claims; Product Warranties. Section 4.19 of the BFF Disclosure Schedule sets forth all product liability claims or liability claims related to services rendered by BFF for injury or damage to persons or property which are pending or, to the knowledge of BAHC, threatened against BFF with respect to products or services sold by BFF, except for any claims which, individually, do not exceed \$5,000. Section 4.19 of the BFF Disclosure Schedule also sets forth, for the last fiscal year of BFF and for the interim period ended on the date hereof, the aggregate amount of product or other liability claims paid by or on behalf of BFF.

ARTICLE V

Representations and Warranties of DZI and DZLP

In order to induce BFF and BAHC to enter into this Agreement and to consummate the transactions contemplated hereunder subject to the disclosure schedule attached hereto and incorporated herein by reference (the "DZI Disclosure Schedule"), DZI makes the representations and warranties set forth below, each of which is independently relied upon by BAHC and BFF regardless of any other investigation made or information obtained by BAHC and BFF, and each of which is correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article V). As used hereinafter in this Article V, the term "DZI Material Adverse Effect" shall mean a material adverse effect on the assets, business, financial condition or operations of DZI and its subsidiaries considered as one enterprise.

Section 5.1 Organization, Power, Authority. DZI is a corporation duly organized and legally existing in good standing under the laws of the state of its incorporation and has full corporate power and authority necessary (i) to own or lease its properties and to carry on its business as it is now being conducted, and (ii) to enter into this Agreement and the agreements and instruments

contemplated hereby, and to carry out the transactions and agreements contemplated hereby or thereby. DZLP is a limited partnership duly organized and legally existing in good standing under the laws of the state of its organization and has full power and authority necessary (i) to own or lease its properties and to carry on its business as it is now being conducted, and (ii) to enter into this Agreement and the agreements and instruments contemplated hereby, and to carry out the transactions and agreements contemplated hereby or thereby. DZI and DZLP are legally qualified to transact business as a foreign corporation or limited partnership, and is in good standing, in each of the jurisdictions in which its business or property is such as to require that it be thus qualified, except such jurisdictions where the failure to be so qualified would not have a DZI Material Adverse Effect.

Section 5.2 Due Authorization and Binding Obligation. The execution, delivery and performance of this Agreement, the Note, the Assignment Agreement and the Sublease and each of the other agreements contemplated hereby and thereby and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action of DZI and DZLP. This Agreement has been duly executed and delivered by each of DZI and DZLP and is a valid and binding obligation of each of DZI and DZLP, enforceable in accordance with its terms. Each of the Note, the Assignment Agreement and the Sublease has been duly authorized and, when executed and delivered in accordance with the terms of this Agreement, will be a valid and binding obligation of each of DZI and DZLP, enforceable in accordance with its terms. Except as set forth in Section 5.2 of the DZI Disclosure Schedule, neither the execution and delivery of this Agreement the Note, the Assignment Agreement, the Sublease or the agreements contemplated thereby nor the consummation of the transactions contemplated hereby or thereby will: (i) conflict with or violate any provision of DZI's, DZLP's or any subsidiary of DZI's respective certificates of incorporation, bylaws or partnership agreement; (ii) conflict with or violate any law, ordinance or regulation or any decree or order of any court or administrative or other governmental body which is either applicable to, binding upon or enforceable against DZI or any subsidiary of DZI or DZLP; (iii) result in any breach of, constitute a default under, result in the acceleration of, create in any party the right to, or otherwise result in, the acceleration, termination, modification or cancellation (including pursuant to any change in control provision), or require any notice under, any material mortgage, contract, agreement, indenture, trust or other instrument which is either binding upon or enforceable against DZI or any subsidiary of DZI or DZLP, or the assets and properties of DZI or any subsidiary of DZI or DZLP; or (iv) impair or in any way limit any governmental or official license, approval, permit or authorization of DZI or any subsidiary of DZI or DZLP; except, in the case of clause (iv) above, such limitations which would not have a DZI Material Adverse Effect. No permit, consent, approval or authorization of, or declaration to or filing with, any regulatory or other government authority is required in connection with the execution and delivery of this Agreement, the Note, the Assignment Agreement or the Sublease or the agreements contemplated thereby by DZI and DZLP and the consummation by DZI and DZLP of the transactions contemplated hereby or thereby, except such as shall have been obtained on or prior to the Closing Date and such consents and approvals as are required to transfer to DZLP the liquor license issued to BFF with respect to the Indianapolis Center.

ARTICLE VI

Additional Covenants of BAHC

Section 6.1 Reasonable Efforts. From and after the execution and delivery of this Agreement until the Closing Date, BAHC will use, and will cause BFF to use, its reasonable efforts to cause to be satisfied as soon as practicable and prior to the Closing Date all of the conditions set forth in Article VIII to the obligations of DZLP to purchase the Purchased Assets.

Section 6.2 Conduct of Business Pending the Closing. From and after the execution and delivery of this Agreement and until the Closing Date, except for this Agreement and the transactions contemplated hereby and except as otherwise provided in Section 6.2 of the BFF Disclosure Schedule and as otherwise provided by the prior written consent of DZI:

6.2.1 BAHC will cause BFF to conduct the Business and operate the Centers in the manner in which the same have heretofore been conducted, and BAHC will use its reasonable efforts to cause BFF to (i) preserve its business organization intact, and (ii) keep available to DZI the services of its officers, employees, agents and suppliers.

6.2.2 BAHC will cause BFF to maintain the Purchased Assets in customary repair, order and condition, reasonable wear, use and damage by unavoidable casualty excepted, and to maintain insurance which is adequate in character and amount to cover all of its properties and with respect to the conduct of its business as are in effect on the date of this Agreement.

6.2.3 BAHC will not permit BFF to (i) sell, assign, transfer, encumber, waste, alienate, or otherwise dispose of any of the Purchased Assets, except for sales made in the ordinary course of business; (ii) make any change in the employment terms for any of its officers or employees, pay any bonus to or increase the compensation of any of the foregoing outside the ordinary course or grant any severance or termination pay to, or enter into any employment or severance agreement with any officer or employee; (iii) establish, adopt or enter into any employee benefit plan; (iv) enter into or engage in any transaction with any affiliate except intercompany advances or withdrawals from BAHC or its subsidiaries to BFF consistent with prior practice; (v) make or obligate itself to make any capital expenditures aggregating more than \$25,000 without the prior approval of DZI; or (vi) otherwise engage in any business or transactions (including purchases, sales or pledging of the Purchased Assets), or incur any indebtedness, outside of the ordinary course of business with respect to the Purchased Assets.

6.2.4 BAHC will not, and will cause BFFHC not to, sell or otherwise transfer any of its interests, either direct or indirect, in BFF.

6.2.5 BAHC will not, and will cause BFF not to, take any action, or omit to take any action, the result of which would cause any of the representations and warranties made by BAHC herein to become untrue.

Section 6.3 Access to BFF's Properties and Records. From and after the execution and delivery of this Agreement, BAHC will cause BFF to afford to representatives of DZI access, during normal business hours and upon reasonable notice, to BFF's offices, properties,

books and records to conduct a full and complete investigation, including legal, financial, operational and environmental reviews, of the Business, and will cause BFF to furnish or make available to such representatives during such period all such information relating to the foregoing investigation as DZI may reasonably request; provided, however, that any furnishing of, or making available, such information to DZI and any investigation by DZI shall not affect the right of DZI and DZLP to rely on the representations and warranties made by BAHC in or pursuant to this Agreement, and provided further that DZI and DZLP will hold in confidence all documents and information concerning BFF so furnished, or made available and, if the sale of Purchased Assets pursuant hereto shall not be consummated, such confidence shall be maintained and DZI and DZLP will not use or disclose to any person any such document or information (except to the extent that such information can be shown to be previously available to DZI, publicly available, or disclosed to DZI by a person who is not obligated to maintain the confidentiality of such information).

Section 6.4 No Disclosure. Without the prior written consent of DZI, BAHC will not, and will cause BFF not to, prior to the Closing Date, disclose the existence of or any term or condition of this Agreement to any person or entity except that such disclosure may be made (a) to any person to whom such disclosure is necessary in order to satisfy any of the conditions to the consummation of the purchase of the Purchased Assets; or (b) if required to be disclosed pursuant to the requirements of law (in which case BAHC shall notify DZI prior to making such disclosure).

Section 6.5 No Other Discussions. None of BAHC nor any of its affiliates, agents or representatives, will directly or indirectly solicit, or engage in any negotiation or exchange of information with, another entity or person regarding the sale or transfer of all or any substantial part of the stock or assets of BFF or to the merger or consolidation of BFF with, or into, any person or entity other than DZI.

Section 6.6 Interim Financial Statements. From and after the execution and delivery of this Agreement until the Closing, BAHC shall prepare, or cause to be prepared, and furnish to DZI the following financial statements of BFF (the "Interim Financial Statements"):

- (i) unaudited balance sheets at the end of each month; and
- (ii) unaudited statements of operations, stockholder's equity and cash flow for each month.

BAHC shall prepare and furnish the Interim Financial Statements in accordance with usual timing and prepared in a manner consistent with the Financial Statements.

ARTICLE VII

Additional Covenants of DZI

Section 7.1 Reasonable Efforts. DZI will use its reasonable efforts to cause to be satisfied as soon as practicable and prior to the Closing Date all of the conditions set forth in Article IX to the obligations of BAHC and BFF to sell the Purchased Assets pursuant to this Agreement.

Section 7.2 No Disclosure. Without the prior written consent of BAHC, neither DZI nor DZLP will, prior to the Closing Date, disclose the existence of or any term or condition of this Agreement to any person or entity except that such disclosure may be made (a) to any person to whom such disclosure is necessary in order to satisfy any of the conditions to the consummation of the purchase of the Purchased Assets as set forth in this Agreement; or (b) if required to be disclosed pursuant to the requirements of law (in which case DZI or DZLP shall consult with BAHC prior to making such disclosure).

Section 7.3 Conduct Prior to Closing. DZI will not, and will cause its subsidiaries not to, take any action, or omit to take any action, the result of which would cause any of the representations and warranties made by DZI herein to become untrue.

ARTICLE VIII

Conditions to the Obligation of DZI and DZLP

The obligations of DZLP to purchase the Purchased Assets shall be subject to the fulfillment at or prior to the Closing Date of each of the following conditions:

Section 8.1 Accuracy of Representations and Warranties and Compliance with Obligations. The representations and warranties of BAHC contained in this Agreement shall have been true and correct in all material respects at and as of the date hereof, and they shall be true and correct in all material respects at and as of the Closing Date with the same force and effect as though made at and as of that time. Each of BAHC and BFF shall have performed and complied in all material respects with all of its respective obligations required by this Agreement to be performed or complied with at or prior to the Closing Date. BAHC shall have delivered to DZI a certificate, dated as of the Closing Date and signed by an authorized officer of BAHC certifying that such representations and warranties are thus true and correct in all material respects and that all such obligations have been thus performed and complied with in all material respects.

Section 8.2 Certified Resolutions. BAHC shall have delivered to DZI copies of the resolutions adopted by the board of directors of each of Viacom, BAHC and BFFHC and by the board of directors and the sole stockholder of BFF authorizing the transactions contemplated by

this Agreement certified in each case as of the Closing Date by the Secretary or an Assistant Secretary of Viacom, BAHC or BFF, as applicable.

Section 8.3 Receipt of Necessary Consents. The consents or approvals of third parties set forth on Section 8.3 of the BFF Disclosure Schedule to the transactions contemplated hereby shall have been obtained and shown by written evidence satisfactory to DZI.

Section 8.4 No Adverse Litigation.

8.4.1 No action, suit, investigation or proceeding will have been instituted by any person not affiliated with any of the parties hereto or by any governmental agency to restrain, prohibit, invalidate, or otherwise challenge the legality of the sale of the Purchased Assets to DZLP or any other transaction contemplated hereby, which action, suit, investigation or proceeding will have resulted in a temporary restraining order, preliminary or permanent injunction, or other order preventing consummation of the sale of the Purchased Assets to DZLP or any other transaction contemplated hereby, which order or injunction is in effect at the Closing.

8.4.2 No action, suit, investigation or proceeding will have been instituted by any person not affiliated with any of the parties hereto or by any governmental agency to collect damages arising out of the sale of the Purchased Assets to DZLP or any other transaction contemplated hereby, which action, suit, investigation or proceeding is reasonably likely to succeed and is reasonably likely to result in a material liability on the part of DZLP or any of its affiliates.

Section 8.5 No Material Adverse Change. Except as set forth on the BFF Disclosure Schedule, since the Last Balance Sheet, there shall not have been any change or event which would have a BFF Material Adverse Effect.

Section 8.6 Consummation of Transactions. Prior to or concurrently with the Closing under this Agreement the transactions contemplated by the Stock Purchase Agreement shall have been consummated.

Section 8.7 License Agreement. Viacom and BEI shall have executed and delivered to DZI the License Agreement.

Section 8.8 Sublease. BFF shall have executed and delivered to DZLP the Sublease.

ARTICLE IX

Conditions to Obligation of BAHC and BFF

The obligations of BAHC and BFF to sell the Purchase Assets shall be subject to the fulfillment at or prior to the Closing Date of each of the following conditions:

Section 9.1 Accuracy of Representations and Warranties and Compliance with Obligations. The representations and warranties of DZI contained in this Agreement shall have been true and correct in all material respects at and as of the date hereof, and they shall be true and correct in all material respects at and as of the Closing Date with the same force and effect as though made at and as of that time. DZI and DZLP shall have performed and complied in all material respects with all of their respective obligations required by this Agreement to be performed or complied with at or prior to the Closing Date. DZI shall have delivered to BAHC a certificate, dated as of the Closing Date and signed by an authorized officer of DZI, certifying that such representations and warranties are thus true and correct in all material respects and that all such obligations have been thus performed and complied with in all material respects.

Section 9.2 Certified Resolutions. DZI shall have delivered to BAHC copies of the resolutions adopted by the board of directors of DZI and by the general partner of DZLP authorizing the transactions contemplated by this Agreement.

Section 9.3 No Adverse Litigation.

9.3.1 No action, suit, investigation or proceeding will have been instituted by any person not affiliated with any party hereto or by any governmental agency to restrain, prohibit, invalidate, or otherwise challenge the legality of the sale of the Purchased Assets to DZLP or any other transaction contemplated hereby, which action, suit, investigation or proceeding will have resulted in a temporary restraining order, preliminary or permanent injunction, or other order preventing consummation of the sale of the Purchased Assets to DZLP or any other transaction contemplated hereby, which order or injunction is in effect at the Closing.

9.3.2 No action, suit, investigation or proceeding will have been instituted by any person not affiliated with any party hereto or by any governmental agency to collect damages arising out of the sale of the Purchased Assets to DZLP or any other transaction contemplated hereby, which action, suit, investigation or proceeding is reasonably likely to succeed and is reasonably likely to result in a material liability on the part of BAHC or any of its affiliates.

Section 9.4 No Material Adverse Change. Except as set forth on the DZI Disclosure Schedule, since December 31, 1994, there shall not have been any change or event which would have a DZI Material Adverse Effect.

Section 9.5 Consummation of Transactions. Prior to or concurrently with the Closing under this Agreement the transactions contemplated by the Stock Purchase Agreement shall have been consummated.

Section 9.6 Sublease. DZLP shall have executed and delivered to BFF the Sublease.

Section 9.7 Assignment Agreement. DZLP shall have executed and delivered to BFF the Assignment Agreement.

Section 9.8 Guaranty Agreement. DZI shall have executed and delivered to BFF the Guaranty Agreement.

ARTICLE X

Certain Actions After the Closing

10.1 DZLP to Act as Agent for BFF. This Agreement shall not constitute an agreement to assign any claim, contract, license, lease, commitment, sales order or purchase order if any attempted assignment of the same without the consent of the other party thereto would constitute a breach thereof or in any way affect the rights of BFF thereunder. If such consent is not obtained or if any attempted assignment would be ineffective or would affect BFF's rights thereunder so that DZLP would not in fact receive all such rights, then subject to the terms and conditions of Section 10.3 hereof, DZLP shall act as the agent for BFF in order to obtain for DZLP the benefits thereunder.

10.2 Delivery of Property Received by BFF After Closing. From and after the Closing, DZLP shall have the right and authority to collect, for the account of DZLP, all receivables and other items which shall be transferred or are intended to be transferred to DZLP as part of the Purchased Assets as provided in this Agreement, and to endorse with the name of BFF any checks or drafts received on account of any such receivables or other items of the Purchased Assets. BFF agrees that it will transfer or deliver to DZLP, promptly after the receipt thereof, any cash or other property which BFF receives after the Closing Date in respect of any claims, contracts, licenses, leases, commitments, sales orders, purchase orders, receivables of any character or any other items transferred or intended to be transferred to DZLP as part of the Purchased Assets under this Agreement.

10.3 DZLP Appointed Attorney for Sellers. Effective at the Closing Date, BFF hereby constitutes and appoints DZLP, its successors and assigns, the true and lawful attorney of BFF, in the name of either DZLP or BFF (as DZLP shall determine in its sole discretion) but for the benefit and at the expense of DZLP (except as otherwise herein provided), (i) to institute and prosecute all proceedings which DZLP may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the Purchased Assets as provided for in this Agreement; (ii) subject to Article XI, to defend or compromise any and all actions, suits or proceedings in respect of any of the Purchased Assets, and to do all such acts and things in relation thereto as DZLP shall deem advisable; and (iii) to take all action which DZLP may reasonably deem proper in order to provide for DZLP the benefits under any of the Purchased Assets where any required consent of another party to the sale or assignment thereof to DZLP pursuant to this Agreement shall not have been obtained. BFF acknowledges that the foregoing powers are coupled with an interest and shall be irrevocable. DZLP shall be entitled to retain for its own account any amounts collected pursuant to the foregoing powers, including any amounts payable as interest in respect thereof.

Section 10.4 Execution of Further Documents. From and after the Closing and upon the reasonable request of a party hereto, each party hereto shall execute, acknowledge and deliver all such further acts, deeds, bills of sale, assignments, assumptions, transfers, conveyances, powers of attorney and assurances as may be required to convey and transfer to and vest in DZLP and protect its right, title and interest in the Purchased Assets and to assume the Assumed

Liabilities, and as may be appropriate otherwise to carry out the transactions contemplated by this Agreement and the agreements contemplated hereby.

Section 10.5 Employment by DZLP of BFF's Employees.

10.5.1 BFF and BAHC shall use their best efforts to aid DZLP in engaging such of BFF's employees as are employed at the Centers on the Closing Date. BFF shall continue to employ all of such employees that are employed at the Albuquerque Center as are necessary to perform BFF's obligations under the Sublease. DZLP shall employ all of such employees that are employed at the Indianapolis Center as soon as practicable after the Closing Date and for at least 60 days after the Closing Date (other than such employees DZLP terminates for cause), provided, however, that DZLP shall reimburse BFF for its costs with respect to the employment of such persons from the Closing Date until the commencement of employment of such persons by DZLP.

10.5.2 DZLP shall have no obligation to continue, or institute any replacement or substitution for, any vacation, severance, incentive, bonus, profit sharing, pension or other employee benefit plan or program of BFF other than as set forth in Section 10.6 hereof.

Section 10.6 Employee Benefits. DZLP agrees, with respect to all of its medical, hospitalization and dental benefit plans for employees of BFF that DZLP employs that: (a) it will consider all BFF service before the Closing Date in determining the eligibility to participate of BFF employees who are such employees both immediately before and immediately after the Closing Date ("Continuing Employees"); (b) it will offer medical, hospitalization and dental coverage to such Continuing Employees on the same terms and conditions as such benefits are generally available to similarly situated DZLP employees who were not hired as a result of an acquisition of an entity which previously had employees and (c) it will cover from the time of the Closing and will waive any exclusions for pre-existing conditions for all such Continuing Employees who, immediately before the Closing Date were covered by the medical, hospitalization and dental plans offered by BFF to its employees.

Section 10.7 Liquor Licenses. From and after the Closing and until the later of such time as (i) DZLP shall have obtained a new liquor license with respect to the Albuquerque Center and (ii) the transfer of the existing liquor license with respect to the Indianapolis Center from BFF to DZLP shall have been approved and effected by all necessary governmental entities, BFF shall maintain its corporate existence, accounts, and state and federal licenses, permits and tax identification numbers, shall maintain such employees, officers, and agents as are necessary to retain such liquor licenses and shall assist DZLP in the procurement and transfer of such liquor licenses, and BFI and DZLP shall fully perform their respective obligations under the Sublease.

Section 10.8 Net Worth. BAHC agrees that, until such time as its potential obligations under Article XI are extinguished, it will maintain a minimum net worth equal to or greater than the total Purchase Price.

ARTICLE XI

Indemnification

Section 11.1 Agreement by BAHC to Indemnify.

11.1.1 BAHC agrees that it will defend, indemnify and hold DZI and its affiliates harmless in respect of the aggregate of all indemnifiable damages of DZI. For this purpose, "indemnifiable damages" of DZI means the aggregate of all expenses, losses, costs, deficiencies, liabilities and damages (including related and reasonable counsel fees and expenses, and compensatory and demonstrable consequential damages) incurred or suffered by DZI as a direct result of (i) any inaccurate representation or warranty made by BAHC in or pursuant to this Agreement or any facts giving rise to such inaccurate representation or warranty; provided, however, notwithstanding anything to the contrary elsewhere herein, for the purpose of determining "indemnifiable damages," such representations and warranties shall be read as and deemed to be representations and warranties without any qualification regarding materiality (including any qualification regarding a BFF Material Adverse Effect); provided, further, that any such expenses, losses, costs, deficiencies, liabilities or damages resulting from any item or items relating to a common set of facts or circumstances in connection with an inaccurate representation or warranty shall not be considered "indemnifiable damages" unless the amount involved is greater than \$2,500; (ii) any default in the performance of any of the covenants or agreements made by BAHC in this Agreement; (iii) the failure to obtain the consent of any landlord of any of the Purchased Leasehold Premises to any of the transactions contemplated by this Agreement; or (iv) DZLP becoming obligated to purchase an additional theater system from Iwerks Entertainment, Inc. ("Iwerks") pursuant to a contract between BFF and Iwerks dated February 1, 1994. DZI shall not make claims against BAHC for indemnifiable damages more than once per calendar month.

11.1.2 Each of the representations and warranties, and the covenants set forth in Sections 6.2.3 and 6.2.5, made by BAHC in this Agreement shall survive until and including the first anniversary of the Closing Date, notwithstanding any investigation at any time made by or on behalf of DZI, and thereafter all such representations and warranties shall be extinguished; provided, however, the representations and warranties made by BAHC in Sections 4.1, 4.2 and 4.5.1 hereof shall in each case survive forever and those made in Section 4.6 shall in each case survive for a period of seven years and six months from the Closing Date. No claim for the recovery of indemnifiable damages based upon the inaccuracy of such representations and warranties may be asserted by DZI after such representations and warranties shall be thus extinguished; provided, however, that claims first asserted within the applicable period (whether or not the amount of any such claim has become ascertainable within such period) shall not thereafter be barred.

11.1.3 BAHC shall only be liable for any claim for indemnifiable damages arising out of any inaccuracy of any representation or warranty or any facts giving rise to such inaccurate representation or warranty if the aggregate amount of all such indemnifiable damages exceeds \$50,000, in which case BAHC shall be liable for all indemnifiable damages arising out of such

inaccuracies and defaults, including the first \$50,000. Notwithstanding any other provisions of this Agreement to the contrary, (i) the indemnification obligations herein of BAHC for any indemnifiable damages of DZI and its affiliates arising from a breach of the representations or warranties in Section 4.6 which breach first becomes known to DZI after the first anniversary of the Closing Date or from a default in the performance by BAHC of its obligations under any other covenant or agreement contained herein shall not be subject to the limitation contained in the preceding sentence and (ii) any indemnifiable damages in respect of any such default referred to in clause (i) shall not be included in the amount of indemnifiable damages for purposes of determining whether the \$50,000 limitation contained in the preceding sentence has been exceeded. The total amount of indemnifiable damages of DZI shall be limited to the total amount of the Purchase Price.

11.1.4 Except as expressly stated herein, the remedies provided for in this Section 11.1 shall be the sole monetary remedy available to DZI under this Agreement.

Section 11.2 Agreement by DZI to Indemnify.

11.2.1 DZI agrees that it will defend, indemnify and hold BAHC and its affiliates harmless in respect of the aggregate of all indemnifiable damages of BAHC. For this purpose, "indemnifiable damages" of BAHC means the aggregate of all expenses, losses, costs, deficiencies, liabilities and damages (including related and reasonable counsel fees and expenses, and compensatory and demonstrable consequential damages) incurred or suffered by BAHC as a direct result of any (i) inaccurate representation or warranty made by DZI in or pursuant to this Agreement or any facts giving rise to such inaccurate representation or warranty; provided, however, notwithstanding anything to the contrary elsewhere herein, for the purpose of determining "indemnifiable damages," such representations and warranties shall be read as and deemed to be representations and warranties without any qualification regarding materiality (including any qualification regarding a DZI Material Adverse Effect); provided, further, that any such expenses, losses, costs, deficiencies, liabilities or damages resulting from any item or items relating to a common set of facts or circumstances in connection with an inaccurate representation or warranty shall not be considered "indemnifiable damages" unless the amount involved is greater than \$2,500; or (ii) default in the performance of any of the covenants or agreements made by DZI in this Agreement.

11.2.2 Each of the representations and warranties made by DZI in this Agreement shall survive forever.

11.2.3 DZI shall be liable only for any claim for indemnifiable damages arising out of any inaccuracy of any representation or warranty or any facts giving rise to such inaccurate representation or warranty if the aggregate amount of all such indemnifiable damages exceeds \$50,000 in which case DZI shall be liable for all indemnifiable damages arising out of such inaccuracies or defaults, including the first \$50,000. The total amount of indemnifiable damages of BAHC shall be limited to the total amount of the Purchase Price.

11.2.4 Except as expressly stated herein, the remedies provided for in this Section 11.2 shall be the sole monetary remedy available to BAHC under this Agreement.

Section 11.3 Indemnification Procedures for Third Party Claims. In the event that subsequent to the Closing Date any claim is asserted by a third party against a party hereto as to which such party is entitled to indemnification hereunder, such party (the "indemnified party") shall as promptly as possible notify the party obligated to indemnify it (the "indemnifying party") thereof in writing. No delay on the part of the indemnified party to notify the indemnifying party of a claim shall relieve any obligation of the indemnifying party to indemnify the indemnified party with respect to such claim unless (and then solely to the extent) the indemnifying party is prejudiced in its ability to defend against the subject claim by the delay in such notification. The indemnifying party shall have the right, upon written notice to the indemnified party within ten (10) days after receipt from the indemnified party of notice of such claim, to conduct at its expense and with counsel of its choice reasonably satisfactory to the indemnified party the defense against such claim in its own name, or, if necessary, in the name of the indemnified party. In the event that the indemnifying party shall fail to give such notice, it shall be deemed to have elected not to conduct the defense of the subject claim, and in such event the indemnified party shall have the right to conduct such defense and to compromise and settle the claim without prior consent of the indemnifying party, and the indemnifying party will remain responsible for all indemnifiable damages suffered by the indemnified party relating to the subject claim. In the event that the indemnifying party does elect to conduct the defense of the subject claim, the indemnified party will cooperate with and make available to the indemnifying party such assistance and materials as may be reasonably requested by it, all at the expense of the indemnifying party, and the indemnified party shall have the right at its expense to participate in the defense, provided that the indemnified party shall have the right to compromise and settle the claim only with the prior written consent of the indemnifying party (such consent not to be unreasonably withheld). The indemnifying party will not consent to the entry of any judgment with respect to a subject claim or enter into any settlement with respect thereto, which does not include a provision whereby the plaintiff or claimant releases the indemnified party from all liability with respect thereto, or, in cases involving equitable relief, puts the indemnified party in the same position as it was prior to the initiation of the claim without the prior written consent of the indemnified party (such consent not to be unreasonably withheld so long as such settlement involves the payment of money damages).

Section 11.4 Credit Provisions. In the event that, notwithstanding the limitations contained in this Article XI, an indemnifying party nevertheless becomes liable to an indemnified party hereunder, the indemnifying party shall be entitled to a credit or offset against any such liability of an amount equal to the value of any net tax benefit realized by the indemnified party in connection with the loss or damage suffered by the indemnified party which forms the basis of the indemnifying party's liability hereunder and the receipt of the indemnification payment by the indemnified party.

ARTICLE XII

Miscellaneous

Section 12.1 Survival of Representations and Warranties. All of the respective representations, warranties, covenants, agreements and indemnification and hold harmless obligations of the parties to this Agreement shall survive the consummation of the transactions contemplated hereby; provided that any recovery for a breach of representation, warranty, covenant or agreement under this Agreement shall be subject to the provisions of Article XI.

Section 12.2 Brokers' Commission. DZI will indemnify and hold harmless BAHC from the commission, fee or claim of any person, firm or corporation employed or retained or claiming to be employed or retained by DZI to bring about, or to represent it in, the transactions contemplated hereby. BAHC will indemnify and hold harmless DZI from the commission, fee or claim of any person, firm or corporation employed or retained or claiming to be employed or retained by BFF or BAHC to bring about, or to represent them in, the transactions contemplated hereby.

Section 12.3 Amendment and Modification. The parties hereto may amend, modify and supplement this Agreement in such manner as may be agreed upon by them in writing.

Section 12.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assignees, heirs and legal representatives. Nothing in this Agreement shall confer upon any person, firm or corporation not a party to this Agreement, or the legal representatives of such person, firm or corporation, any rights or remedies of any nature or kind whatsoever by reason of this Agreement.

Section 12.5 Entire Agreement. This Agreement and the Schedules and Exhibits attached hereto contain the entire agreement of the parties hereto with respect to the sale of the Purchased Assets to DZLP and supersede all prior understandings and agreements of the parties with respect to the subject matter hereof. Except for the representations and warranties made herein and the other agreements being executed in connection herewith, no other representations or warranties, express or implied, have been made with respect to the subject matter hereof. Any reference herein to this Agreement shall be deemed to include the Schedules and Exhibits attached hereto.

Section 12.6 Headings. The descriptive headings in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

Section 12.7 Execution in Counterpart. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

Section 12.8 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when received, whether personally, by telegram, telex, facsimile transmission (followed by regular mail) or registered or certified mail (return receipt

requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to BAHC,
addressed to: Blockbuster Amusement Holding
 Corporation
 One Blockbuster Plaza
 Ft. Lauderdale, Florida 33301
 Attention: President
 Fax No.: (305) 832-3909

If to DZI,
addressed to: Discovery Zone, Inc.
 205 North Michigan Avenue
 Suite 3400
 Chicago, Illinois 60601
 Attention: President
 Fax No.: (312) 616-3830

Section 12.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein, without regard to the conflicts of laws principles thereof.

Section 12.10 Publicity. No press release or other public announcement related to this Agreement or the transactions contemplated hereby will be issued by any party hereto without the prior approval of the other parties, except that any party may make such public disclosure which it believes in good faith to be required by law (in which case such party will consult with the other parties prior to making such disclosure).

Section 12.11 Termination.

12.11.1 Anything to the contrary herein notwithstanding, prior to the Closing Date this Agreement may be terminated and the transactions contemplated hereby and thereby may be abandoned:

- (i) by the mutual written consent of all of the parties hereto at any time prior to the Closing Date;
- (ii) by BAHC in the event of the material breach by DZI of any provision of this Agreement (it being agreed that if the breach in question is a breach by DZI of a representation or warranty contained in Article V of this Agreement, such breach will not be considered a material breach unless it would result in a DZI Material Adverse Effect), which breach is not remedied by DZI within 10 days after receipt of notice thereof from BAHC; or
- (iii) by DZI in the event of the material breach by BAHC of any provision of this Agreement (it being agreed that if the breach in question is a breach by BAHC of any representation or warranty contained in Article IV of this Agreement, such breach will not be considered a material breach unless it would result in a BFF

Material Adverse Effect), which breach is not remedied by BAHC within 10 days after receipt of notice thereof from DZI; or

- (iv) by any party hereto if the Closing has not taken place by June 30, 1995.

If this Agreement is terminated pursuant to clause 12.11.1 (i) above, no party shall have any liability for any cost, expense, loss of anticipated profit or any further obligation for breach of warranty or otherwise to any other party to this Agreement. Any termination of this Agreement pursuant to clauses 12.11.1 (ii), (iii) or (iv) above shall be without prejudice to any other rights or remedies of the respective parties.

12.11.2 The risk of any loss to the assets and properties of BFF and all liability with respect to injury and damage occurring in connection therewith shall be the sole responsibility of BAHC until the completion of the Closing. If any material part of said properties shall be damaged by fire or other casualty prior to the completion of the Closing hereunder, DZI shall have the right and option:

- (i) to terminate this Agreement, without liability to any party hereto; or
- (ii) to proceed with the Closing hereunder, in which event such casualty shall not constitute a breach by BAHC of any representation, warranty or covenant in this Agreement, and DZI shall be entitled to receive and retain the insurance proceeds arising from such casualty.

Section 12.12 Expenses. Whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred in connection with the transactions contemplated hereby shall be paid by the party incurring such expenses.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

DISCOVERY ZONE, INC.

BLOCKBUSTER FAMILY FUN, INC.

By: /s/ Victor M. Casini

Name: Victor M. Casini
Title: Senior Vice President

By: /s/ Adam Phillips

Name: Adam Phillips
Title: Senior Vice President

DISCOVERY ZONE L.P.

BLOCKBUSTER AMUSEMENT
HOLDING CORPORATION

By: DZGP, Inc.
Its General Partner

By: /s/ Adam Phillips

Name: Adam Phillips
Title: Senior Vice President

By: /s/ Victor M. Casini

Name: Victor M. Casini
Title: Senior Vice President

EXECUTION COPY

WARRANT AGREEMENT

between

DISCOVERY ZONE, INC.

and

BLOCKBUSTER DISCOVERY INVESTMENT, INC.

Dated as of May 24, 1995

TABLE OF CONTENTS

	Page
PARTIES	1
RECITALS OF THE COMPANY	1
1. DEFINITIONS	
Affiliate	1
Blockbuster	1
BDI	1
Change of Control	2
Common Stock	2
Company	3
Current Market Price	3
Effective Date	3
Exchange Act	3
Excluded Offering	3
Exercise Price	4
Expiration Date	4
Holders	4
Management Services Agreement	4
McDonald's Agreement	4
McDonald's Corporation	4

Person	4
Piggyback Registration Rights	4
Preferred Stock	4
Prospectus	5
Registrable Common Stock	5
Registration Demand	5
Registration Rights	5
Registration Statement	5
Requesting Holders	6
SEC	6
Securities Act	6
Special Committee	6
Transaction	6
Triggering Event	6
Underlying Preferred Stock	6
Warrant Certificates	6
Warrants	6

2.	ORIGINAL ISSUE OF WARRANTS	
2.1.	Form of Warrant Certificates	6
2.2.	Execution and Delivery of Warrant Certificates	7
3.	EXERCISE PRICE; EXERCISE AND WARRANTS GENERALLY	
3.1.	Exercise Price	7
3.2.	Exercise of Warrants	7
3.3.	Expiration of Warrants	7
3.4.	Method of Exercise; Payment of Exercise Price	7
4.	REGISTRATION RIGHTS AND PROCEDURES	
4.1.	Demand Registration	8
4.2.	Piggyback Registration Rights	11
4.3.	Company's Ability to Postpone Registration Rights	12
4.4.	Holder Withdrawal Rights	13
4.5.	Blackout Periods	13
4.6.	Transferability	13
5.	REGISTRATION PROCEDURES	
5.1.	Underwriting Agreement	13
5.2.	Registration Expenses	14
6.	BANKRUPTCY, DISSOLUTION, LIQUIDATION OR WINDING UP; CERTAIN TRANSACTIONS	
6.1.	Bankruptcy, Dissolution, Liquidation or Winding Up	16
6.2.	Certain Transactions	16
7.	ADJUSTMENTS.	16
8.	RESTRICTIONS ON TRANSFER	
8.1	Stock Certificate Legend	16
8.2	Restriction on Transfer	17
8.3	Representation of BDI	17
9.	WARRANT TRANSFERABILITY AND WARRANT TRANSFER BOOKS	

10.	WARRANT HOLDERS	
10.1.	No Voting Rights	19
10.2.	Right of Action	19
11.	COVENANTS OF THE COMPANY	
11.1.	Reservation of Preferred Stock for Issuance on Exercise of Warrants	19
11.2.	Notice of Dividends	19
12.	MISCELLANEOUS	
12.1.	Payment of Taxes	19
12.2.	Surrender of Certificates	20
12.3.	Mutilated, Destroyed, Lost and Stolen Warrant Certificates	20
12.4.	Notices	20
12.5.	Applicable Law	21
12.6.	Persons Benefitting	21
12.7.	Counterparts	21
12.8.	Amendments	22
12.9.	Headings	22
12.10	Rights Under This Agreement	22
	SIGNATURES	22
	EXHIBIT A Form of Warrant Certificate	A-1

WARRANT AGREEMENT

WARRANT AGREEMENT dated as of May 24, 1995 between Discovery Zone, Inc., a Delaware corporation (the "Company"), and Blockbuster Discovery Investment, Inc., a Delaware corporation ("BDI").

The Company proposes to issue and deliver its warrant certificates (the "Warrant Certificates") evidencing three classes of warrants (collectively, the "Warrants") to acquire, under certain circumstances, up to an aggregate of 473,463 shares of Series A Convertible Voting Participating Preferred Stock, par value \$.01 per share (the "Preferred Stock"), of the Company, subject to adjustment, pursuant to a Management Services Agreement dated April 17, 1995 (the "Management Services Agreement") among the Company, Viacom Inc., a Delaware corporation ("Viacom"), and Blockbuster Entertainment Group ("Blockbuster"), a division of Viacom. The Warrants will be divided into three classes, Series A Warrants, Series B Warrants and Series C Warrants, each of which will be exercisable for up to 157,821 shares of Preferred Stock, subject to adjustment. Each Warrant will entitle the Holder thereof to purchase, subject to terms and conditions set forth herein, one share of the Preferred Stock at an exercise price of \$249.00 per share for the Series A Warrants, \$286.344 per share for the Series B Warrants and \$343.608 per share for the Series C Warrants, in each case subject to adjustment.

In consideration of the foregoing and for the purpose of defining the terms and provisions of the Warrants and the respective rights and obligations thereunder of the Company and the Holders, each of the Company and BDI hereby agrees as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the following meanings:

Affiliate: when used with reference to any Person, any other

Person who, directly or indirectly, is in control of, is controlled by or is under common control with the former Person; and "control" (including the terms "controlling," "controlled by," or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

Blockbuster: the meaning set forth in the preamble to this

Agreement and its successors and assigns.

BDI: the meaning set forth in the preamble to this Agreement and

its successors and assigns.

Change of Control: shall be deemed to have occurred at such time

as either of the following events shall occur:

(i) There shall be consummated any consolidation or merger of the Company (A) in which the Company is not the continuing or surviving corporation or (B) pursuant to which the Common Stock would be converted into cash, securities or other property, in each case, other than a consolidation or merger of the Company in which the holders of the Common Stock immediately prior to the consolidation or merger have, directly or indirectly, at least a majority of the common equity of the continuing or surviving corporation immediately after such consolidation or merger; or

(ii) There is a report filed on Schedule 13D or 14D-1 (or any successor schedule, form or report) pursuant to the Exchange Act, disclosing that any person (for the purposes of this definition only, as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of 50% or more (80% or more with respect to Viacom, its successors or any of its affiliates) of the voting power of the Common Stock then outstanding; provided, however, that a person shall not be deemed beneficial owner

of, or to own beneficially, (A) any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's affiliates or associates until such tendered securities are accepted for purchase or exchange thereunder, or (B) any securities if such beneficial ownership (1) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act, and (2) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act.

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

Common Stock: the Common Stock, par value \$.01 per share, of the

Company and any other capital stock of the Company into which such common stock may be converted, changed or reclassified or that may be issued in respect of, in exchange for, or in

substitution of, such common stock by reason of any stock splits, stock dividends, distributions, mergers, consolidations or other like events.

Company: the meaning set forth in the preamble to this Agreement

and its successors and assigns.

Current Market Price: as of a particular date, the last

reported sales price at which a share of Common Stock shall have been sold regular way, or, in case no such reported sale takes place on such day, the average of the closing bid and asked prices regular way for such day, in each case on the principal national securities exchange or in the Nasdaq National Market System on which the shares of Common Stock are listed or to which such shares are admitted to trading, or, if not listed or admitted to trading, the average of the closing bid and asked prices of the Common Stock in the over-the-counter market as reported by Nasdaq or such other comparable system then in use, or the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. making a market in the Common Stock, selected from time to time by the Company for that purpose.

Effective Date: the effective date of this Agreement, which

shall be the date the Management Service Agreement becomes effective in accordance with its terms.

Exchange Act: the Securities Exchange Act of 1934.

Excluded Offering: (i) any registration of the Company's

securities to be issued pursuant to a stock option or employee benefit plan, (ii) a registration of the Company's securities to be issued to or for the benefit of, or resold by, the owners of one or more businesses, franchises, development or management rights or other assets to be acquired by the Company in consideration, in whole or in part, of such securities, (iii) any registration in connection with the issuance by the Company of (x) securities or rights convertible into or exchangeable for shares of Common Stock having a conversion or exchange premium at the time of initial offering of such securities or rights of at least 10% in excess of the then Current Market Price of the Common Stock or (y) warrants exercisable for shares of Common Stock having an exercise price at the time of the initial offering of such warrants of at least 50% in excess of the then Current Market Price of the Common Stock or (iv) any registration effected pursuant to the Company's shelf Registration Statement (Registration No. 33-85978) or any successor Registration Statement filed pursuant to the undertakings contained in Section 5 of the McDonald's Agreement or in the Registration Rights Agreement dated as of October 21, 1994, as amended and in effect on the date of this Agreement, between the Company, DKB, Inc., Kevin F. Flynn June, 1992 Non-Exempt Trust, Brian J. Flynn June, 1992 Non-Exempt Trust, Robert W. Flynn, James R. Gabbard, Antoinette Gagliardo, Keith J. Skibicki and Yvonne Y. Sperandeo.

Exercise Price: the meaning set forth in Section 3.1.

Expiration Date: the fifth anniversary of the Effective Date;

provided that the Expiration Date of the Warrants shall be extended for an

additional period or periods in the event and so long as the Management Services Agreement is continued for such period or periods after the initial term thereof; provided, however, that (i) with respect to the

Series A Warrants, the Expiration Date shall be the date the Management Services Agreement is terminated by (x) the Company because of a material breach by Blockbuster or (y) Blockbuster (other than a termination for a material breach by the Company), in each case only if such termination occurs prior to the first anniversary of the Effective Date, (ii) with respect to the Series B Warrants, the Expiration Date shall be the date the Management Services Agreement is terminated by (x) the Company because of a material breach by Blockbuster or (y) Blockbuster (other than a termination for a material breach by the Company), in each case only if such termination occurs prior to the second anniversary of the Effective Date and (iii) with respect to the Series C Warrants, the Expiration Date shall be the date the Management Services Agreement is terminated by (x) the Company because of a material breach by Blockbuster or (y) Blockbuster (other than a termination for a material breach by the Company), in each case only if such termination occurs prior to the third anniversary of the Effective Date.

Holders: from time to time, the registered holders of the

Warrants and, unless otherwise provided or indicated herein, shares of Underlying Preferred Stock and Registrable Common Stock.

Management Services Agreement: the meaning set forth in the

preamble to this Agreement.

McDonald's Agreement: Sale Restriction and Registration Rights

Agreement dated as of August 30, 1994 between the Company and McDonald's Corporation as in effect on the date of this Agreement.

McDonald's Corporation: McDonald's Corporation, a Delaware

corporation, and its successors or assigns.

Person: any individual, corporation, partnership, joint venture,

association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Piggyback Registration Rights: the meaning set forth in

Section 4.2.

Preferred Stock: the meaning set forth in the preamble to this

Agreement.

Prospectus: the prospectus included in any Registration

Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any of the Registrable Common Stock covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

Registrable Common Stock: all shares of Common Stock issuable or

issued upon the conversion of shares of Preferred Stock; provided, however,

that particular shares of such Common Stock underlying the Preferred Stock shall cease to be Registrable Common Stock (i) when a registration statement covering the sale of such shares shall have been declared effective under the Securities Act and such shares shall have been disposed of in accordance with such registration statement; (ii) if, within a nine-month period, the Holder of such shares can sell all of its shares of Registrable Common Stock under Rule 144 (or any successor provision) under the Securities Act; provided, however, that this clause (ii) shall not

apply with respect to shares registered by a Registration Statement made pursuant to a Registration Demand except for purposes of determining whether the Holders of a majority of the shares of Registrable Common Stock have made a Registration Demand; (iii) if such shares shall have otherwise been transferred and new shares not subject to transfer restrictions under the Securities Act and not bearing any legend restricting further transfer shall have been delivered by the Company, and no other applicable and legally binding restriction on transfer under the Securities Act shall exist; or (iv) if such shares shall have been transferred to a Person to whom Registration Rights may not be transferred as provided in Section 4.6.

As used in Section 4, the number of shares of "Registrable Common Stock deemed outstanding" on a particular date shall be equal to the sum of (i) the number of shares of Registrable Common Stock issuable upon the conversion of the Underlying Preferred Stock and not theretofore converted into Registrable Common Stock on such date, plus (ii) the number of shares of Registrable Common Stock outstanding on such date.

Registration Demand: the meaning set forth in Section 4.1.

Registration Rights: the rights of Holders set forth in

Sections 4.1 and 4.2 to have shares of Registrable Common Stock registered under the Securities Act for sale under one or more effective Registration Statements.

Registration Statement: any registration statement filed by the

Company under the Securities Act that covers any of the Registrable Common Stock, including the Prospectus, any amendments and supplements to such Registration Statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

Requesting Holders: Holders that have requested to participate

in an offering pursuant to Section 4.1 or 4.2.

SEC: the Securities and Exchange Commission.

Securities Act: the Securities Act of 1933.

Special Committee: a special committee of the Board of

Directors, comprised of independent directors as such term is defined in Schedule D to the By-laws of the National Association of Securities Dealers, Inc., or any person or persons acting under the direction of such committee.

Transaction: any transaction, including, without limitation, a

merger, consolidation, sale of all or substantially all of the Company's assets or recapitalization of the Common Stock, and excluding any transaction as to which Section 7 applies.

Triggering Event: any of the following: (i) a Change of

Control or (ii) a sale of a sufficient number of shares of Common Stock such that Viacom beneficially owns (as such term is defined in Rule 13d-3 under the Exchange Act) shares of Common Stock constituting less than 20% of the total number of shares of Common Stock then outstanding.

Underlying Preferred Stock: the shares of Preferred Stock

issuable or issued upon the exercise of the Warrants and any other capital stock of the Company into which such Preferred Stock may be converted, changed or reclassified or that may be issued in respect of, in exchange for, or in substitution of, such Preferred Stock by reason of any stock splits, stock dividends, distributions, mergers, consolidations or other like events.

Warrant Certificates: the meaning set forth in the preamble to

this Agreement.

Warrants: the meaning set forth in the preamble to this

Agreement.

Certain terms, used principally in Sections 4 and 5, are defined in those Sections.

2. ORIGINAL ISSUE OF WARRANTS.

2.1. Form of Warrant Certificates. The Warrant Certificates

shall be in registered form only and substantially in the form attached hereto as Exhibit A, shall be dated the Effective Date and may have such legends and endorsements thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this

Agreement, or as may be required to comply with any law or with any rule or regulation pursuant thereto or to conform to usage.

2.2. Execution and Delivery of Warrant Certificates. The

 Warrant Certificates shall evidence 157,821 Series A Warrants, 157,821 Series B Warrants and 157,821 Series C Warrants, and shall be executed, on or before the Effective Date, by the Company and delivered to BDI on the Effective Date. The Warrant Certificates shall be manually executed on behalf of the Company by its Chief Executive Officer, President or any Vice President. In case the Chief Executive Officer, President or any Vice President of the Company who shall have signed any of the Warrant Certificates shall thereafter cease to be an officer of the Company, such Warrant Certificates shall, nevertheless, have the same force and effect as though such Person had not ceased to be an officer of the Company.

3. EXERCISE PRICE; EXERCISE AND WARRANTS GENERALLY.

3.1. Exercise Price. Each Warrant Certificate shall entitle the

 Holder thereof, subject to the provisions of this Agreement, to purchase one share of Preferred Stock for each Warrant represented thereby at an exercise price (the "Exercise Price") of, in the case of the Series A Warrants, \$249.000 per preferred share, in the case of the Series B Warrants, \$286.344 per preferred share and, in the case of the Series C Warrants, \$343.608 per preferred share, in each case subject to adjustment as herein provided.

3.2. Exercise of Warrants. Subject to the terms and conditions

 set forth herein, the Warrants shall be exercisable at any time or from time to time on or after the earlier of (a) December 16, 1998 and (b) the occurrence of a Triggering Event, and on or prior to the Expiration Date; provided, however, that in no event shall the Warrants be exercisable prior

 to (x) with respect to the Series A Warrants, the first anniversary of the Effective Date, (y) with respect to the Series B Warrants, the second anniversary of the Effective Date and (z) with respect to the Series C Warrants, the third anniversary of the Effective Date; provided further,

 however, that to the extent approval by the holders of shares of Common

 Stock to exercise any portion of the Series A Warrants is required under the rules and regulations of the National Association of Securities Dealers, Inc., such Warrants will not become exercisable unless and until such approval is obtained.

3.3. Expiration of Warrants. Each series of Warrants shall

 terminate and become void as of the close of business on its respective Expiration Date.

3.4. Method of Exercise; Payment of Exercise Price. In order to

 exercise a Warrant, a Holder must surrender the Warrant Certificate evidencing such Warrant to the Company, with one of the forms on the reverse of or attached to the Warrant Certificate duly executed, together with payment in full of the Exercise Price then in effect for the share of

Underlying Preferred Stock as to which such Warrant is submitted for exercise. Any such payment of the Exercise Price shall be by certified or official bank check or checks payable in New York Clearing House or similar next-day funds payable to the order of the Company.

If fewer than all the Warrants represented by a Warrant Certificate are surrendered, such Warrant Certificate shall be surrendered and a new Warrant Certificate of the same tenor and for the number of Warrants that were not surrendered shall be executed by the Company. Subject to the transfer restrictions set forth in Section 8, the Company shall register such new Warrant Certificate in such name or names as may be directed in writing by the Holder and deliver the new Warrant Certificate to such Person or Persons entitled to receive the same.

Upon surrender of a Warrant Certificate in conformity with the foregoing provisions, the Company shall transfer to the Holder of such Warrant Certificate appropriate evidence of ownership of any shares (including fractions thereof) of Underlying Preferred Stock or other securities or property (including any money) to which the Holder is entitled, registered or otherwise placed in, or payable to the order of, such name or names as may be directed in writing by the Holder, and shall deliver such evidence of ownership and any other securities or property (including any money) to the Person or Persons entitled to receive the same.

4. REGISTRATION RIGHTS AND PROCEDURES.

4.1. Demand Registration. (a) The Holders of at least a

majority of the shares of Registrable Common Stock then deemed outstanding shall have the right to request in writing that the Company effect a registration of such Holders' Registrable Common Stock pursuant to the provisions of this Section 4.1 (a "Registration Demand"), provided,

however, that the Company shall not be obligated to file a Registration

Statement relating to any Registration Demand unless the number of shares of Registrable Common Stock proposed to be registered pursuant to such Registration Demand have an aggregate Current Market Price equal to at least \$25,000,000. Subject to Sections 4.1(l) and 4.3(b), the Company shall not be obligated to honor more than one Registration Demand pursuant to this Agreement. The Registration Demand shall specify the number of shares of Registrable Common Stock that each such Holder proposes to sell in the offering and the intended method of distribution thereof.

(b) Upon receipt of a Registration Demand, the Company shall give written notice thereof to all the other Holders of Registrable Common Stock then deemed outstanding at least 30 days prior to the initial filing of a Registration Statement relating to such Registration Demand. Each of the other Holders shall have the right, within 20 days after

the delivery of such notice, to request that the Company include all or a portion of such Holder's Registrable Common Stock in such Registration Statement.

(c) Subject to Sections 4.1(j), 4.1(k) and 4.1(l), as promptly as practicable and in no event later than 90 days after the Company receives a Registration Demand, the Company shall file with the SEC a Registration Statement, on any form that shall be available and appropriate for the sale of the Registrable Common Stock in accordance with the intended method of distribution thereof. The Company shall include in such Registration Statement all of the Registrable Common Stock of such requesting Holders that such Holders have requested to be included therein pursuant to Sections 4.1(a) and 4.1(b); provided, however, that, if the

 requested registration involves an underwritten offering, (i) the Registrable Common Stock to be registered may be reduced if the managing underwriter delivers a Cutback Notice pursuant to Section 4.1(g) or 4.1(h) and (ii) the filing of such Registration Statement may be delayed pursuant to Section 4.1(l).

(d) The Company shall use its best efforts to cause each such Registration Statement to be declared effective and to keep such Registration Statement continuously effective and usable for resale of such Registrable Common Stock for a period of 90 days from the date on which the SEC declares such Registration Statement effective or such shorter period as is necessary to complete the distribution of the securities registered thereunder.

(e) The Holders of a majority of the shares of Registrable Common Stock to be included in any registration requested pursuant to a Registration Demand shall determine the method of distribution of such shares.

(f) If a Registration Demand involves an underwritten offering, the Holders of at least a majority of the Registrable Common Stock to be included in such underwritten offering shall have the right to select the managing underwriter for such offering; provided that such managing

 underwriter shall be reasonably satisfactory to the Company.

(g) If the proposed offering only includes shares of Registrable Common Stock to be offered for the account of requesting Holders pursuant to a Registration Demand, the provisions of this Section 4.1(g) shall be applicable if the managing underwriter delivers a Cutback Notice stating that, in its good faith opinion, the number of shares of Registrable Common Stock that the Holders have requested to be sold exceeds the maximum number of shares specified by the managing underwriter in such Cutback Notice that may be distributed without materially and adversely affecting the price, timing or distribution of the Registrable Common Stock being distributed. If the managing underwriter delivers such Cutback Notice, the number of shares of Registrable Common Stock entitled to be included in such

Registration Statement shall be allocated among requesting Holders, in proportion to the respective number of shares of Registrable Common Stock that each Holder owns of record.

(h) In the event that the proposed offering is an underwritten offering and includes shares of Common Stock to be offered for the account of selling stockholders, whether or not such selling stockholders have the right to include shares in such offering (the "Other Demand Shares"), plus securities to be offered for the account of the Company (the "Company Demand Shares"), the provisions of this Section 4.1(h) shall be applicable if the managing underwriter delivers a written notice (a "Cutback Notice") stating that, in its good faith opinion, the aggregate number of shares of Registrable Common Stock, plus the Other Demand Shares and the Company Demand Shares proposed to be sold therein, exceeds the maximum number of shares specified by the managing underwriter in such Cutback Notice that may be distributed without materially and adversely affecting the price, timing or distribution of the Common Stock being distributed. If the managing underwriter delivers such a Cutback Notice, (i) selling stockholders who have the right, pursuant to a written agreement entered into with the Company prior to April 17, 1995 (a "Preexisting Agreement"), to include their Other Demand Shares in the proposed offering prior to the requesting Holders shall first be entitled to include their Other Demand Shares in such offering, (ii) then the requesting Holders, and other selling stockholders who have the right, pursuant to a Preexisting Agreement, to include their Other Demand Shares on a pro rata basis with the Registrable Common Stock, shall be entitled to include in such offering the Registrable Common Stock such requesting Holders desire to sell therein and such Other Demand Shares (allocated in accordance with such Preexisting Agreement and thereafter allocated among the requesting Holders and such other selling stockholders in proportion to the respective numbers of shares of Registrable Common Stock and such Other Demand Shares owned of record) and (iii) then the Company and any other selling stockholders shall be entitled to participate in such offering in the proportions that they shall have agreed to. The Company represents that the McDonald's Agreement is the only Preexisting Agreement to which the Company is a party providing for registration rights that would affect the Holders' rights to include Registrable Common Stock in a Registration Statement pursuant to a Registration Demand and the Company agrees that it shall not grant any Person registration rights that entitle such Person to register its shares of Common Stock prior to or on a pro rata basis with the Holders of Registrable Common Stock in a Registration Statement pursuant to a Registration Demand.

(i) The underwriting agreement relating to the Registration Demand shall provide that each requesting Holder shall have the right to sell either its Warrants, its Preferred Stock or its Registrable Common Stock to the underwriters, subject, in the case of the Warrants, to payment by such Holder to the underwriters of the exercise price thereof.

(j) No Registration Demand may be made until the expiration of a 180-day period after the effective date of any Registration Statement as to which the Holders of Registrable Common Stock could have exercised Piggyback Registration Rights.

(k) The Registration Demand may not be made for a Registration Statement to be filed pursuant to Rule 415 (or any successor rule) under the Securities Act.

(l) In the event that the Registration Demand is for an underwritten offering, the provisions of this Section 4.1(l) shall be applicable if prior to the time of such Registration Demand (i) the Company has in good faith commenced the preparation of a registration statement for an underwritten offering of its securities (the "Company Offering") and (ii) the managing underwriter delivers a written opinion (a "Transaction Deferral Opinion") to the requesting Holders stating, in its good faith opinion, that the proposed offering pursuant to the Registration Demand will materially and adversely affect the Company Offering. In such case, the Company will be permitted to defer the filing of the Registration Statement pursuant to the Registration Demand until the earliest of (a) the abandonment of the Company Offering, (b) 60 days after receipt by the requesting Holders of the Transaction Deferral Opinion (unless the Company Offering has become effective on or prior to such 60th day) and (c) if the Company Offering has commenced on or prior to such 60th day, 90 days after the effective date of the Company Offering (or such shorter period as may be requested by the managing underwriter for the Company Offering). The Company will not be permitted to defer a Registration Demand pursuant to this Section 4.1(l) more than once in any 12-month period. If the Company defers any registration statement pursuant to this Section 4.1(l) and the requesting Holders determine not to proceed with such registration on or prior to the end of the permitted deferral period, the Holders' one Registration Demand will be reinstated.

4.2. Piggyback Registration Rights. (a) The Company shall give

written notice to all the Holders of exercisable Warrants, Preferred Stock or Registrable Common Stock at least 10 business days prior to a filing of a Registration Statement relating to an offering of its securities other than an Excluded Offering. Each such Holder shall have the right, within 5 business days after delivery of such notice, to request in writing that the Company include all or a portion of such Holder's Registrable Common Stock in such Registration Statement ("Piggyback Registration Rights"); provided

that, in the case of an underwritten offering, such Holder may not include Registrable Common Stock if (i) the Common Stock (or, if the Common Stock at the time in question consists of more than one class or series of capital stock, Common Stock of the same class or series as the Registrable Common Stock proposed to be registered) is not otherwise being registered and sold in such offering and (ii) the managing underwriter for such offering determines that the inclusion of the Registrable Common Stock would materially and adversely affect such offering.

(b) In the event that the proposed offering is an underwritten offering, the provisions of this Section 4.2(b) shall be applicable if the managing underwriter delivers a written Cutback Notice stating that, in its good faith opinion, the aggregate number of shares of Registrable Common Stock, plus the other securities proposed to be sold in such offering, exceeds the maximum number of shares specified by the managing underwriter in such Cutback Notice that may be distributed without materially and adversely affecting the price, timing or distribution of the securities being distributed. If the managing underwriter delivers such Cutback Notice, the securities to be included in such offering shall be determined according to the following priority: first, all securities the Company or the other Person or Persons initiating such offering proposes to sell for its own account; second, the shares of Registrable Common Stock such requesting Holders desire to sell therein and the securities desired to be sold by selling stockholders who have the right, pursuant to a Preexisting Agreement, to include such securities in such offering on a pro rata basis with such Registrable Common Stock (allocated in accordance with such Preexisting Agreement and thereafter allocated among the requesting Holders and such selling stockholders in proportion to the respective numbers of shares of Registrable Common Stock and such securities owned of record); and third, any securities proposed to be sold by other selling stockholders.

(c) If at any time after giving written notice of its intention to register any securities as to which the Holders shall have the rights provided in this Section 4.2 and prior to the effective date of the Registration Statement with respect thereto, the Company shall determine for any reason not to register or to delay registration of such securities, the Company may, at its election, give written notice of such determination to the Holders and, thereupon, (i) in the case of a determination not to register, the Company shall be relieved of its obligation to register any Registrable Common Stock in connection with such registration and (ii) in the case of a determination to delay such registration, the Company shall be permitted to delay registration of any Registrable Common Stock requested to be included in such registration for the same period as the delay in registering the other securities proposed to be registered by the Company, but, in either such case, without prejudice to the rights of the Holders under Section 4.1.

4.3. Company's Ability to Postpone Registration Rights.

(a) The Company shall have the right to postpone the filing of any Registration Statement relating to a Registration Demand for a reasonable period of time of not more than 90 days in any 365-day period if it has been advised by legal counsel for the Company that: (i) the Company would be required to disclose in such Registration Statement information not otherwise then required by law to be publicly disclosed and (ii) the Company has a bona fide business reason for preserving such information as confidential and disclosure of such information would have a material adverse effect on the Company (as reasonably determined in good faith by the Company).

(b) If the Company postpones any registration statement pursuant to Section 4.3(a) and the requesting Holders determine not to proceed with such registration on or prior to the end of such deferral period, the Holders' one Registration Demand will be reinstated.

(c) The Company shall as promptly as practicable notify the requesting Holders of any postponement pursuant to this Section 4.3.

4.4. Holder Withdrawal Rights. The Company shall withdraw from

registration any Registrable Common Stock on request of a requesting Holder, but such Holder shall remain liable for its share of expenses incurred prior to such withdrawal pursuant to Section 5.2.

4.5. Blackout Periods. (a) If requested by the managing

underwriter of an offering by the Company of its securities, the Holders of Registrable Common Stock having Registration Rights shall agree not to sell any Registrable Common Stock or other Common Stock held by them, during the 30 days prior to and the 90 days after the effectiveness of the registration statement for such offering (or such shorter period as requested by such managing underwriter), except for sales as part of such offering and private sales.

(b) If requested by the managing underwriter for any offering pursuant to Section 4.1, the Company will agree not to sell any Common Stock, or securities exercisable or exchangeable for or convertible into Common Stock, subject to customary exceptions, for 90 days after the effective date of the Registration Statement filed pursuant to Section 4.1.

4.6. Transferability. Holders may transfer Registration Rights

granted hereunder to any transferee of Warrants, Preferred Stock or Registrable Common Stock if at least 25% of the number of shares of Registrable Common Stock represented by the Warrants on the date hereof are being transferred. On or before a transfer of Registration Rights pursuant to this Section 4.6, the Holder proposing to transfer such Registration Rights shall deliver to the Company a written notice stating the name and address of the proposed transferee and identifying the number of shares of Registrable Common Stock with respect to which the rights under this Agreement are being transferred as permitted herein. Any person to whom Registration Rights are granted hereunder shall agree in writing to be bound by the terms of this Agreement.

5. REGISTRATION PROCEDURES.

5.1. Underwriting Agreement. (a) In connection with a

registration of an underwritten public offering pursuant to Section 4.1, the Company shall, if requested by the underwriters of such offering, enter into an underwriting agreement with such underwriters,

containing terms and provisions customarily contained in underwriting agreements for secondary distributions, except the Company shall not be required, in entering into any such underwriting agreement, to agree to any terms providing for contribution to underwriters, selling stockholders or any other Person.

(b) In connection with a registration of an underwritten public offering pursuant to Section 4.2, the Company may require that any Registrable Common Stock to be included in such offering be included on the same terms and conditions as shall be applicable to other securities being sold by the underwriters in such offering, including entering into an underwriting agreement with such underwriters containing terms and conditions applicable to the requesting Holders that are customarily contained in underwriting agreements for secondary distributions.

5.2. Registration Expenses. (a) The Company will pay and bear

all costs and expenses incident to the performance of its obligations under this Agreement with respect to a registration pursuant to Section 4.1 so long as such registration under the Securities Act can be filed on Form S-3 (or any successor form). Such costs and expenses include:

(i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, any preliminary prospectuses and the Prospectus and any amendments or supplements thereto, and the cost of furnishing copies thereof to the selling holders or the underwriters or agents, as the case may be;

(ii) the preparation, printing and distribution of any underwriting or agency agreement, certificates representing the registered securities, any Blue Sky Survey and other documents relating to the performance by the Company of and compliance by the Company with this Agreement;

(iii) the fees and disbursements of the Company's counsel and accountants, provided that the Company's accountants shall not be required to perform any audit activities other than in connection with providing a customary comfort letter;

(iv) the fees and disbursements of the underwriters or agents customarily paid by issuers of securities in connection with secondary distributions and the reasonable fees and expenses of any special experts retained in connection with the Registration Statement, but excluding underwriting discounts and commissions and transfer taxes, if any;

(v) the qualification of the registered securities under applicable state securities or Blue Sky laws and any filing for review of the offering with the National Association of Securities Dealers, Inc., including filing fees and fees and

disbursements of counsel for the selling holders and the underwriters or agents, as the case may be, in connection with such qualification, filing or review and in connection with the preparation of any Blue Sky Survey; and

(vi) all fees and expenses incurred in connection with the listing or admission to trading, if any, of any of the registered securities on any securities exchange or computerized trading system, including the Nasdaq National Market System, on which the Common Stock is then listed or traded.

(b) With respect to each registration pursuant to Section 4.1 that cannot be filed on Form S-3 (or any successor form), the Company and the requesting Holders will each pay and bear 50% of the costs and expenses enumerated in Section 5.1(a) incident to the performance of the Company's obligations under this Agreement. If, in connection with a registration pursuant to Section 4.1, the Company's independent public accountants are required to perform any audit activities other than in connection with providing a customary comfort letter and other than any audit activities that would otherwise be performed for the Company on or about such time in the ordinary course of its business, the Company and the requesting Holders will each pay and bear 50% of the costs and expenses of such accountants incident to such additional audit activities. The Company shall be entitled to allocate such costs pro rata based on the number of shares being registered.

(c) The requesting Holders will bear their own internal expenses with respect to any registration pursuant to Section 4.1, including the payment of any fees and disbursements of any legal counsel, investment banker, accountant or other professional advisor retained by such Holders. The requesting Holders will pay their pro rata share of (i) any underwriting discounts, selling concessions or commissions payable to underwriters or agents in connection with such registration and (ii) any stock transfer taxes payable upon the sale of securities sold pursuant to such registration (collectively, the fees and expenses described in subclauses (i) and (ii) above are hereinafter referred to as "Selling Expenses").

(d) The Company will be responsible for its own internal expenses with respect to any registration pursuant to Section 4.1.

(e) With respect to each registration pursuant to Section 4.2, the Company will pay all of the costs and expenses enumerated in Section 5.1(a), except the requesting Holders' pro rata share of Selling Expenses.

(f) Notwithstanding anything to the contrary set forth herein, the requesting Holders shall not be responsible for the payment or reimbursement of any fees, expenses or any other costs arising out of or in connection with the registration, offering or sale of securities by the Company for its own account or any other securityholders of the Company.

6. BANKRUPTCY, DISSOLUTION, LIQUIDATION OR WINDING UP; CERTAIN TRANSACTIONS.

6.1. Bankruptcy, Dissolution, Liquidation or Winding Up. If

prior to the Expiration Date a voluntary or involuntary case or proceeding by or against the Company is commenced under any bankruptcy, insolvency or similar law or the stockholders of the Company approve the dissolution, liquidation or winding up of the Company, the Company shall give written notice thereof to the Holders of Warrants and Preferred Stock, at the earliest practicable time but in no event (x) in the case of any involuntary bankruptcy or insolvency proceeding, more than 20 days after the date on which such proceeding was instituted and (y) in the case of any voluntary bankruptcy or insolvency proceeding or any proposed dissolution, liquidation or winding up of the affairs of the Company, less than 20 days prior to the date on which such transaction is expected to become effective or, if earlier, the record date for such transaction.

6.2. Certain Transactions. The Company shall not be a party to

any Transaction and it shall not consent or agree to the occurrence of any Transaction unless the terms of such Transaction provide that each Warrant that is outstanding after the consummation of such Transaction shall thereafter be exercisable for preferred stock of the surviving corporation, having substantially the same terms as the Preferred Stock and the surviving corporation shall have complied with the terms and conditions set forth in Section (6) of the Certificate of Designations for the Preferred Stock. The provisions of this Section 6.2 shall similarly apply to successive Transactions.

7. ADJUSTMENTS.

In case the Company shall take any action affecting the Preferred Stock that would materially affect the conversion rights of the Holders of Warrants, the Exercise Price and the number of shares of Preferred Stock issuable upon exercise of the Warrants shall be adjusted to the extent permitted by law in such manner and at such time as the Special Committee in good faith may determine to be equitable under the circumstances.

8. RESTRICTIONS ON TRANSFER.

8.1 Stock Certificate Legend. A copy of this Agreement shall be

filed with the Secretary of the Company and kept with the records of the Company. Each certificate representing shares of Underlying Preferred Stock and Registrable Common Stock shall bear the following legends:

First Legend:

"The shares evidenced by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), and may not be offered, sold, assigned, pledged, hypothecated or otherwise transferred in the absence of such registration or pursuant to an exemption therefrom under the Act or if the Act does not apply."

Second Legend:

 "The shares evidenced by this certificate may not be offered, sold, assigned, pledged, hypothecated or otherwise transferred (collectively, a "Transfer") unless and until such Transfer complies with the Warrant Agreement, dated as of May 24, 1995, a copy of which is on file at the office of the issuer."

The Company shall remove the First Legend from a share certificate or issue to the Holder thereof a new certificate therefor free of the First Legend at such time as the First Legend shall no longer apply to the shares evidenced by such certificate.

8.2 Restriction on Transfer. None of the Warrants, the

 Underlying Preferred Stock and the Registrable Common Stock shall be sold, assigned, pledged, hypothecated or otherwise transferred except (i) pursuant to an effective registration statement, (ii) to a qualified institutional buyer in compliance with Rule 144A under the Securities Act, (iii) pursuant to another exemption from the registration requirements of the Securities Act (if available) or (iv) in a transaction to which the registration requirements of the Securities Act do not apply. In the case of clause (ii) above, the transferee shall represent and warrant that it is purchasing the shares for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as such transferee has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon such transferee's foregoing representations in order to claim the exemption from registration provided by Rule 144A. In the case of clauses (iii) or (iv) above, prior to such transfer, the transferring Holder shall furnish to the Company such certificates, legal opinions or other information as it may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the Securities Act or state securities or Blue Sky laws.

8.3 Representation of BDI. BDI represents that it is acquiring

 the Warrants for its own account and not with a view to the distribution of the Warrants or the Underlying Preferred Stock or Registrable Common Stock (within the meaning of the Securities Act) that would be in violation of the securities laws of the United States, but subject, nevertheless, to

the disposition of its property being at all times within its control. BDI understands that the Warrants and the Underlying Preferred Stock and the Registrable Common Stock have not been, and will not be (except as provided in this Agreement), registered under the Securities Act.

9. WARRANT TRANSFERABILITY AND WARRANT TRANSFER BOOKS.

The Warrant Certificates shall not be transferred to any Person other than Viacom or any of its Affiliates.

The Warrant Certificates shall be issued in registered form only. The Company shall keep a register at its executive offices in which the Company shall provide for the registration of Warrant Certificates and of transfers or exchanges of Warrant Certificates as herein provided.

Warrant Certificates may be exchanged at such office upon payment of the charges hereinafter provided. Whenever any Warrant Certificates are so surrendered for exchange, the Company shall execute the Warrant Certificates that the Holder making the exchange is entitled to receive.

All Warrant Certificates issued upon any registration of transfer or exchange of Warrant Certificates shall be the valid obligations of the Company, evidencing the same obligations, and entitled to the same benefits under this Agreement, as the Warrant Certificates surrendered for such registration of transfer or exchange.

Every Warrant Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Warrant Certificates. The Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Warrant Certificates.

When a Warrant Certificate shall have been duly endorsed, the Holder thereof may be treated by the Company and all other persons dealing therewith as the absolute owner thereof for any purpose and as the Person entitled to exercise the rights represented thereby, or to the transfer thereof on the register of the Company, any notice to the contrary notwithstanding; but until such transfer on such register, the Company may treat the registered Holder thereof as the owner for all purposes.

10. WARRANT HOLDERS.

10.1. No Voting Rights. Prior to the exercise of the Warrants,

no Holder of a Warrant Certificate, as such, shall be entitled to any rights of a stockholder of the Company, including, without limitation, the right to vote, to consent, to exercise any preemptive right, to receive any notice of meetings of stockholders for the election of directors of the Company or any other matter or to receive any notice of any proceedings of the Company, except as may be specifically provided for herein.

10.2. Right of Action. All rights of action in respect of this

Agreement are vested in the Holders, and any Holder may, in such Holder's own behalf and for such Holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company suitable to enforce, or otherwise in respect of, such Holder's right to exercise, convert or exchange, register or sell such Holder's securities in the manner provided in this Agreement.

11. COVENANTS OF THE COMPANY.

11.1. Reservation of Preferred Stock for Issuance on Exercise of

Warrants. The Company covenants that it will at all times reserve and keep

available, free from pre-emptive rights, out of its authorized but unissued Preferred Stock, solely for the purpose of issue upon exercise of Warrants as herein provided, such number of shares of Preferred Stock as shall then be issuable upon the exercise of all outstanding Warrants. The Company covenants that all shares of Preferred Stock which shall be so issuable shall, upon such issue, be duly and validly issued and fully paid and non-assessable.

11.2. Notice of Dividends. At any time when the Company

declares any dividend on its Preferred Stock or Common Stock, it shall give notice to the Holders of all the then outstanding Warrants of any such declaration not less than 50 days prior to the related record date for payment of the dividend so declared.

12. MISCELLANEOUS.

12.1. Payment of Taxes. The Company shall pay all federal and

state transfer taxes and other similar governmental charges that may be imposed in respect of the issuance and delivery of the Warrants or any securities deliverable upon exercise of Warrants. The Company shall not be required, however, to pay any tax or other charge imposed in connection with any transfer involved in the transfer or delivery of the Warrants to a Person other than, or the issue of any certificate for shares of Preferred Stock or other

securities underlying the Warrants or payment of cash to any Person other than, the Holder of a Warrant Certificate surrendered upon the exchange, transfer or exercise of a Warrant, and in case of such transfer or exercise, the Company shall not be required to issue any preferred stock certificate or pay any cash until such tax or other charge has been paid or it has been established to the Company's satisfaction that no such tax or other charge is due.

12.2. Surrender of Certificates. Any Warrant Certificate

surrendered for exchange, transfer or exercise shall be delivered to the Company and shall be promptly cancelled by the Company and shall not be reissued by the Company. The Company shall destroy such cancelled Warrant Certificates.

12.3. Mutilated, Destroyed, Lost and Stolen Warrant

Certificates. If any mutilated Warrant Certificate is surrendered to the

Company and it receives evidence to its reasonable satisfaction of the destruction, loss or theft of any Warrant Certificate, and there is delivered to the Company such security or indemnity as may be required by it to save it harmless, then, in the absence of notice to the Company that such Warrant Certificate has been acquired by a bona fide purchaser, the Company shall execute and deliver, in exchange for any such mutilated Warrant Certificate or in lieu of any such destroyed, lost or stolen Warrant Certificate, a new Warrant Certificate of like tenor and for a like aggregate number of Warrants.

Upon the issuance of any new Warrant Certificate under this Section 12.3, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and other expenses in connection therewith.

Every new Warrant Certificate executed and delivered pursuant to this Section 12.3 in lieu of any destroyed, lost or stolen Warrant Certificate shall constitute an original contractual obligation of the Company, whether or not the destroyed, lost or stolen Warrant Certificate shall be at any time enforceable by anyone, and shall be entitled to the benefits of this Agreement equally and proportionately with any and all other Warrant Certificates duly executed and delivered hereunder.

The provisions of this Section 12.3 are exclusive and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement of mutilated, destroyed, lost or stolen Warrant Certificates.

12.4. Notices. (a) Except as otherwise provided in

Section 12.4(b), any notice, demand or delivery authorized by this Agreement shall be sufficiently given or made when mailed if sent by first-class mail, postage prepaid, addressed to any Holder at such Holder's address shown on the register of the Company and to the Company as follows:

If to the Company: Discovery Zone, Inc.
205 North Michigan Avenue, Suite 3400
Chicago, Illinois 60601
Attention: General Counsel

If to BDI: c/o Blockbuster Entertainment Group
One Blockbuster Plaza
Fort Lauderdale, Florida 33301
Attention: General Counsel

with a copy to:

Viacom Inc.
1515 Broadway
New York, New York 10036
Attention: General Counsel

or such other address as shall have been furnished to the party giving or making such notice, demand or delivery.

(b) Any notice required to be given by the Company to the Holders pursuant to Section 4.1, 4.2, 4.3, 6.1 or 6.2 shall be made by mailing by registered mail, return receipt requested, to the Holders at their respective addresses shown on the register of the Company. Any notice that is mailed in the manner herein provided shall be conclusively presumed to have been duly given when mailed, whether or not the Holder receives the notice.

12.5. Applicable Law. This Agreement and each Warrant issued

hereunder and all rights arising hereunder shall be governed by the laws of the State of Delaware.

12.6. Persons Benefitting. This Agreement shall be binding upon

and inure to the benefit of the parties hereto, and their respective successors, assigns, beneficiaries, executors and administrators, and the Holders from time to time. Nothing in this Agreement is intended or shall be construed to confer upon any Person, other than the parties hereto and the Holders, any right, remedy or claim under or by reason of this Agreement or any part hereof.

12.7. Counterparts. This Agreement may be executed in any

number of counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

12.8. Amendments. This Agreement may not be amended except by a

written instrument signed by both of the parties hereto.

12.9. Headings. The descriptive headings of the several

Sections of this Agreement are inserted for convenience and shall not control or affect the meaning or construction of any of the provisions hereof.

12.10 Rights Under This Agreement. The rights and duties of the

Company under this Agreement shall be exercised by a Special Committee.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

DISCOVERY ZONE, INC.

By: _____
Name:
Title:

BLOCKBUSTER DISCOVERY
INVESTMENT, INC.

By: _____
Name:
Title:

FORM OF WARRANT CERTIFICATE

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO REGISTRATION OF TRANSFER OF SUCH SECURITIES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS SUCH TRANSFER IS MADE IN CONNECTION WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT, OR SUCH ACT DOES NOT APPLY.

WARRANTS TO PURCHASE PREFERRED STOCK
OF DISCOVERY ZONE, INC.

No. _____ Certificate for _____ [Series A] [Series B] [Series C] Warrants

This certifies that _____, or registered assigns, is the registered holder of the number of Warrants set forth above. Each Warrant entitles the holder thereof (a "Holder"), subject to the provisions contained herein and in the Warrant Agreement referred to below, to purchase from Discovery Zone, Inc., a Delaware corporation (the "Company"), one (1) share of Preferred Stock, par value \$.01 per share, of the Company ("Preferred Stock"), at the exercise price (the "Exercise Price") of [\$249.000 per preferred share -- the Series A Warrants] [\$286.344 per preferred share -- the Series B Warrants] [\$343.608 per preferred share -- the Series C Warrants], subject to adjustment upon the occurrence of certain events.

This Warrant Certificate is issued under and in accordance with the Warrant Agreement dated as of May 24, 1995 (the "Warrant Agreement"; all terms used in this Warrant Certificate that are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement) between the Company and Blockbuster Discovery Investment, Inc., and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the Holder of this Warrant Certificate consents by acceptance hereof. The Warrant Agreement is hereby incorporated herein by reference and made a part hereof. Reference is hereby made to the Warrant Agreement for a full statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company and the Holders of the Warrants.

This Warrant Certificate shall terminate and become void on the fifth anniversary of the Effective Date; provided that the Expiration Date -----
of the Warrants shall be extended for additional period or periods in the event and so long as the Management

Services Agreement described in the Warrant Agreement is continued for such period or periods after the initial term thereof; provided further that

this Warrant Certificate may terminate and become void under certain circumstances in connection with the termination of such Management Services Agreement.

As provided in the Warrant Agreement and subject to the terms and conditions therein set forth, the Warrants evidenced hereby shall be exercisable at any time or from time to time on or after the earlier of (a) December 16, 1998 and (b) the occurrence of a Triggering Event, and on or prior to the Expiration Date, provided, however, that in no event shall the

Warrants be exercisable prior to [with respect to the Series A Warrants--the first anniversary of the Effective Date] [with respect to the Series B Warrants--the second anniversary of the Effective Date] [with respect to the Series C Warrants--the third anniversary of the Effective Date] [; provided further, however, that to the extent approval by the holders of

shares of Common Stock to exercise any portion of the Series A Warrants is required under the rules and regulations of the National Association of Securities Dealers, Inc., such Warrants will not become exercisable unless and until such approval is obtained -- Series A Warrant Certificate only].

The Exercise Prices per share of Preferred Stock issuable upon the exercise of each Warrant are subject to adjustment as provided in the Warrant Agreement.

All shares of Preferred Stock issuable by the Company upon the exercise of Warrants shall, upon such issue, be duly and validly issued and fully paid and nonassessable.

In order to exercise a Warrant, the registered holder hereof must surrender this Warrant Certificate to the Company, with the Exercise Subscription Form duly executed by the Holder hereof, together with any required payment in full of the Exercise Price then in effect for the share(s) of Underlying Preferred Stock as to which the Warrant(s) represented by this Warrant Certificate are submitted for exercise, all subject to the terms and conditions hereof and of the Warrant Agreement. Any such payment of the Exercise Price shall be by certified or official bank check payable or checks payable in New York Clearing House or similar next-day funds payable to the order of the Company.

The Company shall pay all federal and state transfer taxes and other similar governmental charges that may be imposed in respect of the issuance or delivery of the Warrants or any securities deliverable upon exercise of Warrants. The Company shall not be required, however, to pay any tax or other charge imposed in connection with any transfer involved in the transfer or delivery of the Warrants to a Person other than, or the issue of any certificate for shares of Preferred Stock or other securities underlying the Warrants or payment of cash to any Person other than, the Holder of a Warrant Certificate surrendered upon the exchange, transfer or exercise of a Warrant, and in case of such transfer or exercise, the Company shall not be required to issue any preferred stock certificate or pay

any cash until such tax or other charge has been paid or it has been established to the Company's satisfaction that no such tax or other charge is due.

This Warrant Certificate is not transferrable to any Person other than Viacom or any of its Affiliates. This Warrant Certificate and all rights hereunder are transferable by the registered holder hereof, in whole or in part, only on the register of the Company, upon surrender of this Warrant Certificate for registration of transfer at the executive offices of the Company duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company duly executed by, the Holder hereof or his attorney duly authorized in writing, with signature guaranteed. Upon any partial transfer, the Company will issue and deliver to such holder a new Warrant Certificate or Certificates with respect to any portion not so transferred.

No service charge shall be made for any registration of transfer or exchange of the Warrant Certificates, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Each taker and holder of this Warrant Certificate, by taking or holding the same, consents and agrees that when this Warrant Certificate shall have been endorsed, the holder hereof may be treated by the Company and all other persons dealing with this Warrant Certificate as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented hereby, or to the transfer hereof on the register of the Company, any notice to the contrary notwithstanding, but until such transfer on such register, the Company may treat the registered Holder hereof as the owner for all purposes.

This Warrant Certificate and the Warrant Agreement are subject to amendment as provided in the Warrant Agreement.

Dated:

DISCOVERY ZONE, INC.

By:

Name
Title:

EXERCISE SUBSCRIPTION FORM

(To be executed only upon exercise of Warrant)

To: Discovery Zone, Inc.

The undersigned irrevocably exercises _____ of the [Series A] [Series B] [Series C] Warrants for the purchase of one (1) share (subject to adjustment) of Preferred Stock, par value \$.01 per share, of Discovery Zone, Inc., for each [Series A] [Series B] [Series C] Warrant represented by the Warrant Certificate and herewith makes payment of \$_____ (such payment being by certified or official bank check payable to the order of Discovery Zone, Inc.), all at the Exercise Price and on the terms and conditions specified in the within Warrant Certificate and the Warrant Agreement therein referred to, surrenders this Warrant Certificate and all right, title and interest therein to Discovery Zone, Inc. and directs that the shares of Preferred Stock deliverable upon the exercise of such Warrants be registered or placed in the name and at the address specified below and delivered thereto.

Date:

(1)

(Signature of Owner)

(Street Address)

(City) (State) (Zip Code)

(1) The signature must correspond with the name as written upon the face of the within Warrant Certificate in every particular, without alteration or enlargement or any change whatever.

Securities and/or check to be issued to:

Please insert identifying number:

Name:

Street Address:

City, State and Zip Code:

Any unexercised Warrants evidenced by the within Warrant Certificate to be issued to:

Please insert identifying number:

Name:

Street Address:

City, State and Zip Code:

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered holder of the within Warrant Certificate hereby sells, assigns, and transfers unto the Assignee(s) named below (including the undersigned with respect to any Warrants constituting a part of the Warrants evidenced by the within Warrant Certificate not being assigned hereby) all of the right of the undersigned under the within Warrant Certificate, with respect to the number of Warrants set forth below:

Name(s) of Assignee(s) -----	Address -----	No. of Warrants -----
------------------------------------	------------------	--------------------------

Please insert social security or other identifying number of Assignee(s).

and does hereby irrevocably constitute and appoint the undersigned's attorney to make such transfer on the books of maintained for the purposes, with full power of substitution in the premises.

(1)

(Signature of Owner)

(1) The signature must correspond with the name as written upon the face of the within Warrant Certificate in every particular, without alteration or enlargement or any change whatever.

CERTIFICATE OF THE DESIGNATIONS, POWERS, PREFERENCES AND
RELATIVE, PARTICIPATING OR OTHER RIGHTS, AND THE QUALIFICATIONS,
LIMITATIONS OR RESTRICTIONS THEREOF, OF

SERIES A CONVERTIBLE VOTING PARTICIPATING PREFERRED STOCK
(\$0.01 Par Value)

OF

DISCOVERY ZONE, INC.

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

Discovery Zone, Inc., a Delaware corporation (the "Corporation"), does hereby certify that the following resolutions were duly adopted by the Board of Directors of the Corporation pursuant to authority conferred upon the Board of Directors by Article Fourth of the Certificate of Incorporation of the Corporation, which authorizes the issuance of up to ten million (10,000,000) shares of Preferred Stock, at a meeting of the Board of Directors duly held on May 23, 1995:

RESOLVED, that the issue of a series of Preferred Stock, par value \$0.01 per share, of the Corporation is hereby authorized and the designation, powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, in addition to those set forth in the Certificate of Incorporation of the Corporation, are hereby fixed as follows:

(1) Number of Shares and Designation. 473,463 shares of the

Preferred Stock, par value \$0.01 per share, of the Corporation are hereby constituted as a series of the Preferred Stock designated as the Series A Convertible Voting Participating Preferred Stock (the "Series A Preferred Stock"). The number of shares of the Series A Preferred Stock may not be increased and may not be decreased below the number of then currently outstanding shares of Series A Preferred Stock.

(2) Definitions. For purposes of the Series A Preferred Stock, the

following terms shall have the meanings indicated:

"Affiliate," when used with reference to any Person, shall mean any other Person who, directly or indirectly, is in control of, is controlled by or is under common control with the former Person; and "control" (including the terms "controlling," "controlled by," or "under common control with") means the

possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Board of Directors" shall mean the board of directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series A Preferred Stock.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Common Stock" shall mean the Common Stock of the Corporation, par value \$.01 per share, and any other capital stock of the Company into which such common stock may be converted, changed or reclassified or that may be issued in respect of, in exchange for, or in substitution of, such common stock by reason of any stock splits,

stock dividends, distributions, mergers, consolidations or other like events.

"Conversion Rate" shall mean the number of shares of Common Stock into which each share of Series A Preferred Stock is convertible, as such Conversion Rate may be adjusted pursuant to Section (6) hereof. The initial Conversion Rate will be twenty-four (24) shares of Common Stock for each share of Series A Preferred Stock.

"Current Market Price" shall mean, as of a particular date, the last reported sales price at which a share of Common Stock shall have been sold regular way, or, in case no such reported sale takes place on such day, the average of the closing bid and asked prices regular way for such day, in each case on the principal national securities exchange or in the Nasdaq National Market System on which the shares of Common Stock are listed or to which such shares are admitted to trading, or, if not listed or admitted to trading, the average of the closing bid and asked prices of the Common Stock in the over-the-counter market as reported by Nasdaq or such other comparable system then in use, or the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. making a market in the Common Stock, selected from time to time by the Corporation for that purpose.

"Current Market Value" shall have the meaning set forth in Subsection (6)(d)(v) hereof.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Special Committee" shall mean a special committee of the Board of Directors, comprised of independent directors as such term is defined in Schedule D to the By-laws of the National Association of Securities Dealers, Inc., or any person or persons acting under the direction of such committee.

"Transfer Agent" shall mean such agent or agents of the Corporation as may be designated by the Board of Directors as the transfer agent for the Series A Preferred Stock.

"Viacom" shall mean Viacom Inc., a Delaware corporation.

"Warrant Agreement" shall mean the Warrant Agreement dated as of May __, 1995 between the Corporation and Blockbuster Discovery Investment, Inc., a wholly owned subsidiary of Viacom.

"Warrants" shall mean, collectively, the 157,821 Series A Warrants, 157,821 Series B Warrants and 157,821 Series C Warrants issued under the Warrant Agreement, entitling the holders thereof, subject to certain terms and conditions, to purchase, in the aggregate, 473,463 shares of Series A Preferred Stock at an exercise price of \$249.00 per share of Series A Preferred Stock, with respect to the Series A Warrants, \$286.344 per share of Series A Preferred Stock, with respect to the Series B Warrants, and \$343.608 per share of Series A Preferred Stock, with respect to the Series C Warrants, in each case subject to adjustment.

(3) Dividends. (a) Subject to the rights of the holders of any

shares of any series of Preferred Stock ranking prior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock shall be entitled to receive, out of funds legally available therefor, noncumulative dividends at the rate equal to the greater of (i) 5% per annum of the liquidation preference per share of Series A Preferred Stock per annum, when and if declared by the Board of Directors and (ii) an amount equal to the Series A Preferred Stock's pro rata share of cash dividends paid with respect to the Common Stock (determined based on the number of shares of Common Stock into which each share of Series A Preferred Stock would be convertible). Each such dividend shall be payable to the holders of record of shares of Series A Preferred Stock, as they appear on the stock records of the Corporation at the close of business on such record dates for such dividend as shall be fixed by the Board of Directors, which record date shall be not more than 60 days prior to the date fixed for payment of such dividend; provided that

holders of outstanding shares of Series A Preferred Stock shall only be entitled to receive dividends pursuant to clause (ii) above if such shares of Series A Preferred Stock were outstanding on the record date for the dividend paid with respect to the Common Stock.

(b) So long as any shares of Series A Preferred Stock are outstanding, no cash dividends shall be declared or paid or set apart for payment or other distribution declared or made upon the Common Stock or any stock of the Corporation ranking junior to the Series A Preferred Stock, as to dividends nor shall any Common Stock, nor any other such stock of the Corporation ranking junior to the Series A Preferred Stock, as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to the Series A Preferred Stock, as to dividends and upon liquidation) unless, in each case, sufficient funds shall have been set apart for the payment of all accrued but unpaid dividends declared by the Board of Directors payable pursuant to Subsection (3)(a)(i) with respect to the Series A Preferred Stock and all accrued but unpaid dividends, whether or not declared, payable pursuant to Subsection (3)(a)(ii) with respect to the Series A Preferred Stock.

(4) Liquidation Preference. In the event of any liquidation,

dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Common Stock or any other series or class or classes of stock of the Corporation ranking on a parity with the Common Stock upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Series A Preferred Stock shall be entitled to receive \$0.10 per share and thereafter will participate equally (determined based on the number of shares of Common Stock into which each share of Series A Preferred Stock would be convertible) in all remaining assets of the Corporation to be paid or distributed to the holders of Common Stock or any other series or class or classes of stock of the Corporation ranking on a parity with the Common Stock, upon liquidation, dissolution or winding up of the Corporation. If upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series A Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of stock ranking, as to liquidation, dissolution or winding up, on a parity with the Series A Preferred Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series A Preferred Stock and any such other stock ratably in accordance with the respective amounts which would be payable on such shares of Series A Preferred Stock and any such other stock if all amounts payable thereon were paid in full. For purposes of this Section (4), (i) a consolidation or merger of the Corporation with one or more corporations, (ii) a sale or transfer of all or substantially all of the Corporation's assets or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(5) Shares to be Retired. All shares of Series A Preferred Stock

purchased or converted shall be retired and cancelled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

(6) Conversion. Holders of shares of Series A Preferred Stock shall

have the right to convert all or a portion of such shares into shares of Common Stock, as follows:

(a) The shares of Series A Preferred Stock shall automatically be converted into twenty-four (24) fully paid and nonassessable shares of Common Stock, subject to adjustment as provided below, immediately upon, but only following, the sale or other transfer of such shares of Series A Preferred Stock to a Person that is not an Affiliate of Viacom. If a fraction of a share of Series A Preferred Stock is sold or otherwise transferred to such a Person, then the Corporation will convert such fractional share into shares of Common Stock (subject to paragraph (c) of this Section (6)) and shall issue a fractional share of Series A Preferred Stock evidencing the remaining interest.

(b) The holder of each share of Series A Preferred Stock to be converted must surrender the certificate representing such share, duly endorsed or assigned to the Corporation in blank, at the office of the Transfer Agent in the Borough of Manhattan, City of New York, accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid).

Holders of shares of Series A Preferred Stock at the close of business on a dividend record date shall be entitled to receive the dividend payable on such shares on the corresponding dividend payment date notwithstanding the conversion thereof following such dividend record date and prior to such dividend payment date; provided that if

a dividend pursuant to Subsection (3)(a)(ii) is paid on shares of Series A Preferred Stock as aforesaid and the record date for the dividend to holders of the Common Stock is after the date the Preferred Stock is converted, then the holders of the Common Stock issued upon such conversion after the record date for the dividend to holders of the Preferred Stock and prior to the record date for the dividend to holders of the Common Stock shall not be entitled to receive such dividends payable on such Common Stock.

As promptly as practicable after the surrender of certificates for shares of Series A Preferred Stock as aforesaid, the Corporation shall issue and shall deliver at such office to such holder, or on his or her written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such

shares in accordance with the provisions of this Section (6), and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided in paragraph (c) of this Section (6).

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Series A Preferred Stock shall have been surrendered for conversion as aforesaid, and the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date and such conversion shall be at the Conversion Rate in effect at such time on such date, unless the stock transfer books of the Corporation shall be closed on that date, in which event such Person or Persons shall be deemed to have become the holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Rate in effect on the date upon which such shares shall have been surrendered. All shares of Common Stock delivered upon conversions of the Series A Preferred Stock will upon delivery be duly and validly issued and fully paid and nonassessable.

(c) No fractional shares or scrip representing fractions of shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. Instead of any fractional interest in a share of Common Stock which would otherwise be deliverable upon the conversion of a share of Series A Preferred Stock, the Corporation shall pay to the Person entitled to such fractional interest an amount in cash (computed to the nearest cent) based upon the Current Market Price of Common Stock on the trading day immediately preceding the date of conversion. If more than one share of Series A Preferred Stock is sold or otherwise transferred to any Person and surrendered for conversion at one time, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered.

(d) The Conversion Rate shall be adjusted from time to time as follows:

(i) In case the Corporation shall after April 17, 1995 (A) pay a dividend or make a distribution on its Common Stock in shares of its capital stock, (B) subdivide its outstanding Common Stock, (C) combine its outstanding Common Stock into a smaller number of shares or (D) issue any shares of capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a merger, consolidation, share exchange or other business combination in which the Company is the continuing corporation), the Conversion Rate in effect immediately prior

thereto shall be adjusted so that each share of Series A Preferred Stock shall thereafter be convertible into the kind and number of shares of Common Stock or other securities of the Corporation which such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Series A Preferred Stock been converted immediately prior to the happening of such event or the record date therefor, whichever is earlier. An adjustment made pursuant to this subparagraph (i) shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(ii) In case the Corporation shall issue (in a transaction in which Subsection (6)(d)(i) is inapplicable) or sell (each, an "Issuance"), after April 17, 1995, shares of Common Stock, or rights, options, warrants or convertible or exchangeable securities (other than securities issued in a transaction in which a pro rata share of such securities have been reserved by the Corporation for distribution to the holders of Series A Preferred Stock upon conversion) containing the right to subscribe for or purchase shares of Common Stock, at a price per share of Common Stock (determined in the case of such rights, options, warrants or convertible or exchangeable securities, by dividing (x) the aggregate amount received or receivable by the Corporation in consideration of the Issuance of such rights, options, warrants or convertible or exchangeable securities, plus the total consideration, if any, payable to the Corporation upon exercise, conversion or exchange thereof, by (y) the total number of shares of Common Stock covered by such rights, options, warrants or convertible or exchangeable securities) that is lower than the Current Market Value of the Common Stock on the date of such Issuance, then in each such case the Conversion Rate in effect immediately prior to such Issuance shall be adjusted so that it shall thereafter equal an amount determined by multiplying the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock by a fraction, the numerator of which shall be the product of (A) the total number of shares of Common Stock outstanding immediately after such Issuance (determined as provided in the next paragraph) multiplied by (B) the Current Market Value on the date of such Issuance, and the denominator of which shall be an amount equal to the sum of (i) the number of shares of Common Stock outstanding immediately prior to such Issuance multiplied by such Current Market Value plus (ii) the aggregate consideration received by the Corporation (determined as provided below) for such Issuance. Such adjustments shall be made successively whenever any such Issuance is made.

For purposes of such adjustments, the shares of Common Stock which the holder of any such rights, options, warrants or convertible or exchangeable

securities shall be entitled to subscribe for or purchase shall be deemed to be issued and outstanding as of the date of the Issuance (and the subsequent issuance of such shares of Common Stock upon such exercise, conversion or exchange shall not be an "Issuance") and the consideration received by the Corporation therefor shall be deemed to be the consideration received by the Corporation for such rights, options, warrants or convertible or exchangeable securities, plus the consideration or premiums stated in such rights, options, warrants or convertible or exchangeable securities to be paid for the shares of Common Stock covered thereby.

In case the Corporation shall issue or sell shares of Common Stock or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock for a consideration consisting, in whole or in part, of property other than cash, then in determining the "price per share of Common Stock" and the "consideration received by the Corporation" for purposes of the first paragraph of this Subsection (6)(d)(ii), the Board of Directors shall determine, in good faith, the fair value of such property. In case the Corporation shall issue or sell Common Stock or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock, together with one or more other securities as part of a unit at a price per unit, then in determining the "price per share of Common Stock" and the "consideration received by the Corporation" for purposes of the first paragraph of this Subsection (6)(d)(ii), the Board of Directors shall determine, in good faith, the respective fair values of the Common Stock or rights, options, warrants or convertible or exchangeable securities then being sold as part of such unit.

Notwithstanding the foregoing, no adjustment shall be made under this Subsection (6)(d)(ii) with respect to any shares of Series A Preferred Stock as a result of (A) an Issuance of Common Stock, rights, options, warrants or convertible or exchangeable securities to an Affiliate of the holder of such Series A Preferred Stock, other than in respect of an Issuance offered or issued on the same terms to all stockholders of the Corporation or (B) the Issuance of shares of Common Stock upon the exercise, conversion or exchange in accordance with their terms of rights, options, warrants or convertible or exchangeable securities outstanding on April 17, 1995.

(iii) In case the Corporation shall fix a record date for the making of a distribution to all holders of its Common Stock of evidences of indebtedness of the Corporation, assets or securities (excluding those referred to in Subsections (6)(d)(i) and (ii) above and excluding any cash dividends or distributions as to

which the holders of the Series A Preferred Stock receive their pro rata portion as provided in Section (3)) (any such evidences of indebtedness, assets or securities being the "assets or securities"), then in each case the Conversion Rate in effect immediately prior to such record date shall be adjusted so that it shall thereafter equal an amount determined by multiplying the number of shares of Common Stock issuable upon the conversion of the Series A Preferred Stock immediately prior to such record date by a fraction, the numerator of which shall be the then Current Market Value per share of Common Stock on the record date for such distribution and the denominator of which shall be the then Current Market Value per share of Common Stock on the record date for such distribution less an amount equal to the then fair value (as determined by the Board of Directors acting in good faith) of the assets or securities applicable to one share of Common Stock; provided that, in the event the fair value of such

assets or securities as so determined is equal to or greater than such Current Market Value, in lieu of the foregoing adjustment, at the time of such distribution, the Corporation shall deposit the assets or securities each holder of Series A Preferred Stock (including Series A Preferred Stock issuable upon exercise of the Warrants) would have received had such Series A Preferred Stock been converted immediately prior to the record date for such distribution in escrow with a bank having a combined capital and surplus of not less than \$100 million and upon the conversion of any Series A Preferred Stock, each holder shall be entitled to receive, in addition to the shares of Common Stock, the assets or securities to which such holder would have been entitled as a holder of Common Stock on the record date for such distribution and any income earned on such assets or securities. Such adjustment shall be made whenever any such distribution is made, and shall become effective on the date of distribution retroactive to the record date for the determination of stockholders entitled to receive such distribution.

(iv) Upon the expiration of any rights, options, warrants or conversion or exchange privileges that have previously resulted in an adjustment under Subsection (6)(d)(ii) above, if any thereof shall not have been exercised, the Conversion Rate shall, upon such expiration, be readjusted and the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock shall thereafter, upon any future conversion, be such as it would have been had such Conversion Rate been adjusted (or, had the original adjustment not be required, as the case may be) as if (x) the only shares of Common Stock so issued were the shares of Common Stock, if any, actually issued or sold upon the exercise of such rights, options, warrants or conversion or exchange rights and (y) such shares of Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise plus the consideration, if any, actually received by the Corporation

for issuance, sale or grant of all such rights, options, warrants or conversion or exchange rights whether or not exercised; provided that no such readjustment shall have the effect of

decreasing the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock by a number in excess of the amount or number of the adjustment initially made in respect to the issuance, sale or grant of such rights, options, warrants or conversion or exchange rights (giving effect to any interim adjustments to the Conversion Rate required under this Section (6)).

(v) For purposes of any computation under this Subsection (6)(d), the "Current Market Value" per share of Common Stock on any date means the average of the daily Current Market Prices for any ten (10) consecutive trading day period determined by the Board of Directors (or if the period specified in the next clause contains fewer than ten (10) trading days, the number of trading days in such period), commencing no earlier than the later to occur of (x) the date next succeeding the first public announcement of the event giving rise to the required adjustment and (y) the 30th day prior to the date as of which the market price is to be computed, and ending on or prior to the earlier to occur of (A) the date as of which the market price is to be computed and (B) the last full trading day before the commencement of "ex-dividend" trading in the Common Stock relating to the event giving rise to the required adjustment. In the absence of all of the foregoing, the Board of Directors, in good faith, shall determine the Current Market Value by reference to the cash price that would be paid between a fully informed buyer and seller under no compulsion to buy or sell (without giving effect to any discount attributable to any lack of liquidity of the Common Stock or to the fact that the Corporation may have no class of equity securities registered under the Securities Exchange Act of 1934 and without giving effect to any minority discount or any premium associated with the sale of control of the Corporation to any Person).

(vi) No adjustment in the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock shall be required unless such adjustment would require an increase or decrease of at least one-hundredth of one percent (.01%) in the number of shares issuable upon conversion of each share of Series A Preferred Stock; provided, however, that any adjustments which

by reason of this Subsection (6)(d)(vi) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations shall be made to the nearest one-thousandth of a share.

(e) In case the Corporation shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Corporation's assets or recapitalization of the Common Stock and excluding any

transaction as to which Subsection (6)(d)(i) applies) (each of the foregoing being referred to as a "Transaction"), in each case as a result of which shares of Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof), each share of Series A Preferred Stock which is not converted into the right to receive stock, securities or other property in connection with such Transaction shall thereafter be convertible into the kind and amount of shares of stock and other securities and property receivable (including cash) upon the consummation of such Transaction by a holder of that number of shares or fraction thereof of Common Stock into which one share of Series A Preferred Stock was convertible immediately prior to such Transaction. The Corporation shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this Subsection (6)(e) and the Corporation shall not consent or agree to the occurrence of any Transaction until it has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of Series A Preferred Stock which will contain provisions enabling the holders of Series A Preferred Stock which remains outstanding after such Transaction (or would be outstanding upon the exercise of any Warrants which remain outstanding after such Transaction) to convert such Series A Preferred Stock into the consideration received by holders of Common Stock as aforesaid. The provisions of this Subsection (6)(e) shall similarly apply to successive Transactions.

(f) If:

(i) the Corporation shall declare a dividend (or any other distribution) on the Common Stock (other than a cash dividend to which Section 3 applies);

(ii) the Corporation shall authorize the granting to the holders of Common Stock of rights or warrants to subscribe for or purchase any shares of any class or any other rights or warrants; or

(iii) there shall be any reclassification of the Common Stock (other than an event to which Subsection (6)(d)(i) applies) or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or the sale or transfer of all or substantially all of the assets of the Corporation,

then the Corporation shall cause to be filed with the Transfer Agent and shall cause to be mailed to the holders of Warrants and the holders of shares of Series A Preferred Stock at their respective addresses as shown on the records of the Corporation, as promptly as practicable, but at least fifteen (15) days prior to the applicable date

specified in clauses (A) and (B) below, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, sale or transfer is expected, and such notice shall also state that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale or transfer. Failure to give such notice or any defect therein shall not affect the legality or validity of any action taken by the Corporation described in this Section (6).

(g) Whenever the Conversion Rate is adjusted as herein provided, the Corporation shall promptly file with the Transfer Agent an officers' certificate, and mail to the holders of Warrants and the holders of shares of Series A Preferred Stock a notice, setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(h) For purposes of this Section (6), the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation.

(i) In case the Corporation shall take any action affecting the Common Stock, other than action described in this Section (6), which would adversely affect the conversion rights of the Series A Preferred Stock, the Conversion Rate for the Series A Preferred Stock shall be adjusted, to the extent permitted by law, in such manner and at such time as the Special Committee in good faith may determine to be equitable in the circumstances. Notwithstanding the foregoing, no adjustment shall be made under this Subsection (6)(i) with respect to shares of Series A Preferred Stock held by an Affiliate of the Corporation, or purchaseable upon exercise of Warrants held by an Affiliate of the Corporation.

(j) The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock (or other securities issuable upon conversion of the Series A Preferred Stock) or its issued shares of Common Stock (or other securities) held in its treasury, or both, for the purpose of effecting conversion of the Series A Preferred Stock, the full number of shares of Common Stock (or other securities) deliverable upon the conversion of all outstanding shares of Series A Preferred Stock not theretofore converted. For purposes of this Subsection (6)(j), the number of shares of Common Stock which shall be deliverable upon the conversion of all outstanding Series A Preferred Stock shall be computed as if, at the time of

computation, all outstanding unexpired Warrants had been exercised and all such shares of Series A Preferred Stock were held by a single holder.

Prior to the delivery of any securities which the Corporation shall be obligated to deliver upon conversion of the Series A Preferred Stock, the Corporation will use all reasonable efforts to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority; provided, however, that the Corporation shall not be obligated

hereunder to register such securities under the Securities Act of 1933.

(7) Ranking. The Series A Preferred Stock shall rank junior to all

other series of Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(8) Voting. Except as herein provided or as otherwise from time to

time required by law, the holders of Series A Preferred Stock shall have the general right to vote together with the holders of Common Stock as a single class on all matters submitted for stockholder approval. Each holder of Series A Preferred Stock shall be entitled to one vote for each share of Common Stock into which such holder's shares of Series A Preferred Stock shall then be convertible; provided, however, that so long as any

shares of Series A Preferred Stock remain outstanding, the consent of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding, given in person or by proxy, either in writing or at any special or annual meeting, voting as a separate class, shall be necessary to (a) increase or decrease the aggregate number of authorized shares of the Series A Preferred Stock, (b) increase or decrease the par value of the Series A Preferred Stock or (c) alter, amend or repeal, whether by merger, consolidation or otherwise, any of the powers, preferences or special rights of the shares of Series A Preferred Stock so as to affect them adversely.

(9) No Redemption. The shares of Series A Preferred Stock shall not

be subject to redemption by the Corporation or at the option of any holder of Series A Preferred Stock; provided, however, that the Corporation may

purchase or otherwise acquire outstanding shares of Series A Preferred Stock in the open market or by offer to any holder or holders of shares of Series A Preferred Stock.

(10) Record Holders. The Corporation and the Transfer Agent may deem

and treat the record holder of any shares of Series A Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

(11) Special Committee. The rights and duties of the Board of

Directors or the Corporation with respect to the Series A Preferred Stock shall be exercised by the Special Committee.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be made under the seal of the Corporation and signed by _____, its _____, and attested by _____, its Assistant Secretary, this ____ day of May, 1995.

DISCOVERY ZONE, INC.

By: _____
Name:
Title:

{Corporate Seal}

Attest:

By: _____
Name:
Title:

Discovery Zone Closes Management Agreement with Blockbuster

Board Members, Key Management Positions Named

CHICAGO, IL, May 25, 1995 -- Discovery Zone Inc. (NASDAQ: ZONE) today said it has closed the previously announced five-year Management Services Agreement with Blockbuster Entertainment Group, a unit of Viacom Inc. (AMEX: VIA, VIA.B). Also, in conjunction with this agreement, Viacom completed its purchase of an additional 3,823,647 shares of Discovery Zone common stock from the family of Donald F. Flynn, the company's chairman of the board of directors.

Under the terms of the Management Services Agreement, Discovery Zone granted Viacom warrants to acquire an aggregate of up to 473,463 shares of a new class of non-cumulative, convertible, participating preferred stock. Each share of preferred stock is convertible into 24 shares of Discovery Zone common stock by any holder who is not affiliated with Viacom. Viacom now owns approximately 49.9 percent of Discovery Zone's outstanding common stock.

On May 11, 1995, Flynn and certain members of his family contributed to Discovery Zone warrants to purchase Discovery Zone common stock, together with cash in an amount equal to the \$26.7 million warrant exercise price, in exchange for approximately 7.2 million shares of the company's common stock. The proceeds from this transaction will be used to reduce Discovery Zone's debt.

Discovery Zone today also announced the appointment of several new members to the board of directors. Under the Management Services Agreement, Discovery Zone board members who were not affiliated with Viacom (with the exception of

1

Donald Flynn and Steven Berrard, Blockbuster Entertainment president and chief executive officer) resigned effective at closing.

Named to the Discovery Zone board were:

- Sumner Redstone, chairman of the board of Viacom Inc.; and president, chief executive officer and chairman of National Amusements, Inc..
- Frank Biondi, Jr., president and chief executive officer of Viacom Inc.
- Philippe Dauman, executive vice president, general counsel and chief administrative officer of Viacom Inc.
- J. Brian McGrath, commissioner of the Thoroughbred Racing Associations, president of TRA Enterprises, which is the managing general partner of Equibase

Holding Partners; and a member of the board of directors of Spelling

Entertainment Group, a unit of Blockbuster Entertainment.

-- John Muething, of counsel to the Cincinnati, Ohio law firm of Keating, Muething & Kleakamp, and also a member of the board of directors of Spelling.

In a related announcement, Berrard, who continues as interim chief executive officer of Discovery Zone, named a number of executives to the following positions at the company:

Debra D. Joester becomes senior vice president, marketing of Discovery Zone. She will oversee the company's efforts to develop and expand Discovery Zone's marketing and merchandising efforts, as well as explore new ways to capitalize on Discovery Zone's popular brands.

Joester has been with Hamilton Projects, Inc., a New York-based international licensing agency, for 11 years, most recently as president. She has had broad

responsibilities for the development of entertainment licensing, strategic brand extension programs and special-events marketing.

Joester has designed licensing programs for widely recognized entertainment brand names including "Beverly Hills, 90210," and "Melrose Place," and for consumer-products from manufacturers such as Miller Brewing and Chrysler Corporation.

Hamilton Projects is a division of Spelling Entertainment.

James O. George becomes Discovery Zone's senior vice president, operations. He will be responsible for the overall operations of Discovery Zone's 330-plus locations.

George has held management positions in operations for Blockbuster Video as well as other multiple-location retail chains. Formerly a vice president of Blockbuster Video's Central Zone, he successfully oversaw the operations of more than 500 retail stores.

He had been with Blockbuster Video since 1987.

Albert J. Detz becomes senior vice president and chief financial officer of Discovery Zone. Detz will oversee the company's accounting and finance functions, including investor-relations.

In addition to his Discovery Zone role, Detz will also continue in his present capacity as senior vice president and chief financial officer of the Blockbuster Entertainment Group. At Blockbuster, he is responsible for overseeing financial, accounting and other administrative aspects of a \$5 billion business organization. He joined Blockbuster in 1991.

John E. Vollmer has been named vice president, finance and administration of Discovery Zone. Vollmer most recently was vice president of finance for Blockbuster

Entertainment. He joined the company in 1992 when Blockbuster acquired Sound Warehouse, Inc., where he was chief financial officer of a 146-store music retail chain.

David A. Barclay becomes vice president and general counsel of Discovery Zone. Barclay most recently served as Blockbuster Entertainment's senior corporate counsel. He joined Blockbuster in 1991.

Robert W. Levis becomes vice president, corporate development and finance of Discovery Zone. He will be responsible for strategic planning and management of the company's zone financial structure.

Levis most recently was Blockbuster Entertainment's director, corporate development. He joined the company in 1993.

John Chapman becomes vice president and controller, Discovery Zone. Chapman was formerly assistant controller for Blockbuster Entertainment. He had been with the company since 1991.

In commenting on these appointments, Berrard said, "All of these individuals have been instrumental in growing Blockbuster Entertainment from a small video retailer to a broad-based entertainment company. Their professional backgrounds will help us focus on enhancing the quality of Discovery Zone's operations, and strategic marketing and merchandising initiatives, as well as enable us to further develop its intellectual properties.

"As we proceed with repositioning Discovery Zone for the future, we plan to develop and utilize a proprietary database and increase our efforts to cross-promote Discovery Zone FunCenters with other Blockbuster group businesses.

Berrard also stated that, "We continue to actively search for a president and

other senior positions within the company. It is our intention to name the most qualified and capable individuals to those areas as soon as possible."

In addition to the above announcements, Discovery Zone today said it will be relocating its corporate offices to Ft. Lauderdale.

Discovery Zone is the nation's leading operator of children's indoor entertainment and fitness facilities.

Blockbuster Entertainment Group is a worldwide leader in entertainment retailing, television and film production, live entertainment and premium television. The Group's operations include Blockbuster Video, Blockbuster Music, Showtime Networks Inc., Discovery Zone FunCenters, Spelling Entertainment Group Inc., and Paramount Parks.

Viacom is one of the world's largest entertainment and publishing companies and a leading force in nearly every segment of the international media marketplace. The operations of Viacom Inc. also include MTV Networks, Paramount Pictures, Paramount Television, Simon & Schuster and Viacom Interactive Media, as well as radio and television stations, cable systems and movie screens in 11 countries.