

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2003

OR

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

For the transition period from _____ to _____

Commission File Number 001-09553

VIACOM INC.

(Exact Name Of Registrant As Specified In Its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation Or Organization)

04-2949533
(I.R.S. Employer
Identification Number)

1515 Broadway
New York, NY 10036
(212) 258-6000

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

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

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.01 par value	New York Stock Exchange
Class B Common Stock, \$0.01 par value	New York Stock Exchange
7.75% Senior Notes due 2005	American Stock Exchange
7.625% Senior Debentures due 2016	American Stock Exchange
7.25% Senior Notes due 2051	New York Stock Exchange

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

None
(Title Of Class)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes /x/ No / /

As of June 30, 2003, which was the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the shares of Viacom Inc. Class A Common Stock, \$0.01 par value ("Class A Common Stock"), held by non-affiliates was approximately \$1,758,346,412 (based upon the closing price of \$43.70 per share as reported by the New York Stock Exchange on that date) and the aggregate market value of the shares of the Viacom Inc. Class B Common Stock, \$0.01 par value ("Class B Common Stock"), held by non-affiliates was approximately \$65,743,026,553 (based upon the closing price of \$43.66 per share as reported by the New York Stock Exchange on that date).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Viacom Inc.'s Notice of 2004 Annual Meeting of Stockholders and Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Proxy Statement") (Part III).

PART I

Item 1. *Business.*

BACKGROUND

Viacom Inc. (together with its consolidated subsidiaries unless the context otherwise requires, the "Company" or "Viacom") is a diversified worldwide entertainment company with operations in the following segments:

- **CABLE NETWORKS:** The Cable Networks segment consists of MTV MUSIC TELEVISION®, SHOWTIME®, NICKELODEON®/NICK AT NITE®, VH1®, MTV2 MUSIC TELEVISION™, TV LAND®, SPIKE TV™, CMT®: COUNTRY MUSIC TELEVISION™, COMEDY CENTRAL®, the BET CABLE NETWORK™, and BET JAZZ: THE JAZZ CHANNEL™, among other program services.
- **TELEVISION:** The Television segment consists of the CBS® and UPN® television networks, the Company's 39 owned broadcast television stations and its television production and syndication business, including KING WORLD® PRODUCTIONS and PARAMOUNT TELEVISION™.
- **RADIO:** The Radio segment owns and operates 185 radio stations through INFINITY RADIO®.
- **OUTDOOR:** The Outdoor segment through VIACOM OUTDOOR™ displays advertising on media, including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage.
- **ENTERTAINMENT:** The Entertainment segment includes PARAMOUNT PICTURES®, which produces and distributes theatrical motion pictures; SIMON & SCHUSTER, which publishes and distributes consumer books under imprints such as SIMON & SCHUSTER®, POCKET BOOKS®, SCRIBNER® and THE FREE PRESS™; PARAMOUNT PARKS®, which is principally engaged in the ownership and operation of five theme parks and a themed attraction in the United States and Canada; and movie theater and music publishing operations.
- **VIDEO:** The Video segment consists of an approximately 81.5% equity interest in Blockbuster Inc., which operates and franchises BLOCKBUSTER® video stores worldwide.

For the year ended December 31, 2003, contributions to the Company's consolidated revenues from its segments were as follows: Cable Networks 21%, Television 29%, Radio 8%, Outdoor 7%, Entertainment 15% and Video 22%. Intercompany revenue eliminations, as a percentage of total revenues, were 2% for the year ended December 31, 2003. The Company generated approximately 18% of its total revenues from international regions in 2003. For the year ended December 31, 2003, approximately 58% and 22% of total international revenues of \$4.9 billion were generated in Europe and Canada, respectively.

The Company was organized in Delaware in 1986 for the purpose of acquiring the stock of a predecessor. In 1994, the Company acquired Paramount Communications Inc. and Blockbuster Entertainment Corporation. In August 1999, Blockbuster Inc. ("Blockbuster") (NYSE: BBI) sold to the public approximately 17.7% of its common stock. The Company, through its ownership of all of the outstanding shares of Blockbuster Class B common stock, as of March 1, 2004, holds approximately 81.5% of the total equity value in, and approximately 95.6% of the combined voting power of, Blockbuster.

On May 4, 2000, the Company completed its merger (the "Viacom/CBS Merger") with CBS Corporation ("CBS"). As a result of the Viacom/CBS Merger, the Company acquired an approximate 64.2% equity interest in Infinity Broadcasting Corporation ("Infinity"). On February 21, 2001, Infinity merged with and into a wholly owned subsidiary of the Company (the "Infinity Merger"). On January 23, 2001, the Company completed its acquisition of BET Holdings II, Inc. On May 22, 2003, the Company

completed its acquisition of the remaining 50% interest in COMEDY CENTRAL that it did not own for \$1.2 billion in cash.

On February 10, 2004, the Company announced that its Board of Directors authorized the Company to pursue the divestiture of Viacom's approximately 81.5% interest in Blockbuster, based on the conclusion that Blockbuster would be better positioned as a company completely independent of Viacom. The Company anticipates that the divestiture would be achieved through a tax-free split-off, but will also continue to consider other alternatives. The transaction is subject to further approval of the Viacom Board of Directors and an assessment of market conditions. The split-off, which would result in a reduction of Viacom's outstanding shares, is expected to be completed by mid-2004.

As of March 1, 2004, National Amusements, Inc. ("NAI"), a closely held corporation that owns and operates approximately 1,485 movie screens in the United States ("U.S."), the United Kingdom ("U.K."), South America and Russia, beneficially owned Class A Common Stock of the Company representing approximately 71% of the voting power of all classes of the Company's Common Stock, and approximately 11% of the Company's Class A Common Stock and Class B Common Stock on a combined basis. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Chairman of the Board and Chief Executive Officer of the Company.

The Company's principal offices are located at 1515 Broadway, New York, New York 10036 (telephone 212/258-6000).

VIACOM BUSINESS SEGMENTS

Cable Networks (21%, 19% and 19% of the Company's consolidated revenues in 2003, 2002 and 2001, respectively)

The Company owns and operates advertiser-supported basic cable television program services through MTV Networks ("MTVN") and BET: Black Entertainment Television ("BET") and premium subscription television program services through Showtime Networks Inc. ("SNI") in the U.S. and internationally.

Generally, the Company's cable networks are offered for a fee to cable television operators, distributors of direct-to-home satellite services ("DTH") and other multichannel distributors. Cable television and DTH are currently the predominant means of distribution of the Company's program services in the U.S. Internationally, distribution technology varies territory by territory. The terms and favorable renewals of agreements with distributors for the distribution of the Company's networks are important to the Company. Consolidation among multichannel video programming distributors makes it more difficult to reach favorable terms.

MTV Networks. In the U.S., MTVN's owned and operated program services include MTV MUSIC TELEVISION ("MTV"), MTV2: MUSIC TELEVISION ("MTV2"), NICKELODEON/NICK AT NITE, TV LAND, VH1, SPIKE TV ("SPIKE"), CMT: COUNTRY MUSIC TELEVISION ("CMT"), COMEDY CENTRAL and mtv U™.

MTV's programming consists of youth-oriented programming appealing primarily to an audience aged 18 to 34, including music videos, music-based programming, music and general lifestyle information, reality-based programming, comedy and dramatic series, animated programs, news specials, interviews and documentaries. Recent programming highlights include NEWLYWEDS: NICK & JESSICA, PUNK'D and RICH GIRLS. In addition to MTV's series programming, MTV continues to exhibit successful annual events such as THE MTV VIDEO MUSIC AWARDS, THE MTV MOVIE AWARDS and MTV ICON,

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all of which present various artist tributes and performances. At December 31, 2003, according to the Nielsen Media Research report, MTV reached approximately 86.8 million domestic subscriber households. MTV2, a 24-hour, seven-days-a-week spin-off of MTV, offers a "freeform" music format which features music videos from a broad range of musical genres and artists. At December 31, 2003, according to the Nielsen Media Research report, MTV2 reached approximately 53.1 million domestic subscriber households. MTVN also operates "The Suite from MTV Networks" ("The Suite"), a package containing MTV2 and several digital television program services, including VH1 CLASSIC and seven other music-related services including two Spanish-language music services. The Suite is available through DTH distributors and cable operators offering digital technology. mtv U (formerly named COLLEGE TELEVISION NETWORK) offers to students on U.S. college campuses a blend of music, news, sports and college-specific programming.

MTV FILMS® produced the feature films THE FIGHTING TEMPTATIONS and TUPAC: RESURRECTION. In addition, MTV FILMS acquired the rights to the feature film BETTER LUCK TOMORROW. All of these films were released by PARAMOUNT PICTURES during 2003. MTV also offers lines of home video, consumer products and books featuring MTV programming and personalities.

NICKELODEON combines acquired and originally produced programs in a pro-social, non-violent format comprising two distinct program units tailored to age-specific demographic audiences: NICKELODEON, targeted to audiences ages 2 to 11 (which includes NICK JR®, a program block designed for 2 to 5 year olds, and popular shows such as RUGRATS, BLUE'S CLUES and SPONGEBOB SQUAREPANTS); and NICK AT NITE, which attracts primarily audiences ages 18 to 49 and offers mostly situation comedies from various eras, including CHEERS, THE COSBY SHOW and ROSEANNE. At December 31, 2003, according to the Nielsen Media Research report, NICKELODEON/NICK AT NITE reached approximately 87.9 million domestic subscriber households. NICKELODEON licenses its brands and characters for and in connection with merchandise, home video and publishing worldwide. NICKELODEON MOVIES® develops a mix of story-and character-driven projects based on original ideas and NICKELODEON programming, such as the feature film RUGRATS GO WILD!, released in 2003 by PARAMOUNT PICTURES. In addition to the services described above, The Suite contains NOGGIN®/THE N™ and three other program services from NICKELODEON. NOGGIN/THE N are two distinct networks combined in a 24-hour, seven-days-a-week, children's program service, distributed primarily by digital cable and DTH. NOGGIN seeks to educate and entertain 2 to 5 year old pre-schoolers and their families. NOGGIN's programming line-up includes a mix of originally produced and acquired live action, news, animated and puppet shows, including OOBIE and the UK award-winning TWEEENIES as well as BLUE'S CLUES after its initial network run. THE N is a tween and teen program block for viewers ages 9 to 17 featuring a combination of original and acquired shows such as the award-winning A Walk In Your Shoes. At December 31, 2003, according to the Nielsen Media Research report, NOGGIN/THE N reached approximately 37.1 million domestic subscriber households. The Suite also includes NICKELODEON GAS GAMES and SPORTS FOR KIDS®, a program service featuring children's game shows and sports programming for viewers ages 6 to 11. NICKELODEON owns and operates theme park attractions and touring shows under its NICKELODEON RECREATION unit and interactive public attractions and television production studios under its NICKELODEON STUDIOS® unit located at Universal Studios Florida. NICKELODEON also produces original animation at its NICKTOONS® Animation Studio in Burbank, California. Additionally, the Company publishes monthly NICKELODEON MAGAZINE.

TV LAND is comprised of a broad range of well-known television programs from various genres, including comedies, dramas, westerns, variety and other formats from the 1950s through today, including ALL IN THE FAMILY and I LOVE LUCY. In addition, TV LAND offers original programming, including INSIDE TV LAND, THE TV LAND AWARDS and THE TV LAND ONLINE SPECIAL. At December 31, 2003, according to the Nielsen Media Research report, TV LAND reached approximately 82.0 million domestic subscriber households.

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VH1 presents music and related programming directed at an audience aged 18 to 49 with an emphasis on series which feature viewers' favorite music artists and pop culture highlights. Examples of such programming include: DRIVEN, I LOVE THE 80'S and THE FABULOUS LIFE. In addition, VH1 airs concerts, music videos and special events such as DIVAS and THE VH1 "BIG IN" AWARDS. At December 31, 2003, according to the Nielsen Media Research report, VH1 reached approximately 86.5 million domestic subscriber households. The VH1 SAVE THE MUSIC Foundation is a non-profit organization dedicated to restoring music programs in public schools across the nation. Since VH1 SAVE THE MUSIC was created in 1997, more than \$25 million of musical instruments have been donated to 1,000 public schools in 80 cities, benefiting over 500,000 children. The VH1 SAVE THE MUSIC Foundation was honored with the

prestigious Governor's Award from the Academy of Television Arts & Sciences (an Emmy award) in 2000, as well as a George Foster Peabody Award in 1999 to honor excellence in public affairs throughout the cable industry.

SPIKE is the first entertainment network for men, targeting an 18 to 49 demographic, with a focus on original series, sports entertainment and animated series. Re-branded in August 2003, SPIKE is an advertiser-supported basic cable television program service. SPIKE presents a range of popular programming such as WWE RAW and original programming such as JOE SCHMO. SPIKE's programming also includes popular movies such as the James Bond motion picture series, off-network television series such as BLIND DATE and REAL TV and special events such as GQ MEN OF THE YEAR AWARDS and SPIKE TV VIDEO GAME AWARDS. The Company offers SPIKE in the U.S. and in Canada. At December 31, 2003, according to the Nielsen Media Research report, SPIKE reached approximately 87.2 million domestic subscriber households and Mediastats reports SPIKE's Canadian distribution at November 2003, at approximately 6.4 million subscriber households.

CMT presents country music-related original programming, specials, live concerts and events, as well as a mix of country music videos by established artists, including world premiere videos. CMT is directed at an audience aged 18 to 49 and is offered in the U.S. and Canada. Its original programming in 2003 included CMT CROSSROADS, CMT FLAMEWORTHY VIDEO MUSIC AWARDS and the JOHNNY CASH MEMORIAL TRIBUTE. At December 31, 2003, according to the Nielsen Media Research report, CMT reached approximately 72.2 million domestic subscriber households and Mediastats reports CMT's Canadian distribution at November 2003, at approximately 7.8 million subscriber households.

COMEDY CENTRAL, an advertiser-supported basic cable television program service, features comedy programming including SOUTH PARK, THE MAN SHOW and the Emmy award winning THE DAILY SHOW WITH JON STEWART. On May 22, 2003, the Company completed its acquisition of the remaining 50% interest in COMEDY CENTRAL that it did not own. At December 31, 2003, according to the Nielsen Media Research report, COMEDY CENTRAL reached approximately 84.9 million domestic subscriber households.

Internationally, MTVN owns and operates, participates in as a joint venturer, and licenses third parties to operate, MTVN program services, including MTV, VH1, NICKELODEON, SPIKE and TV LAND. The MTVN international program services are described in the chart that follows. Most of the MTVN international program services are regionally customized to suit the local tastes of the particular young adult viewers through the inclusion of local music, programming and on-air personalities, and use of the local language. MTV Networks Europe is Europe's most widely distributed cable and satellite network comprising 43 individual music and kids channels, including MTV (8 regionalized services), VH1 (3 regionalized services), VH2, MTV2, MTV HITS, MTV BASE, MTV DANCE, MTV2 POP, MTV CLASSIC, THE MUSIC FACTORY ("TMF") (3 regional services) and NICKELODEON (4 regionalized services). As of December 2003, the network currently reaches more than 117 million households in Europe through a combination of DTH, cable, and terrestrial distribution. In addition, the Company is a joint venturer in GULF DTH LDC, a DTH platform offering the following channels in the Middle East, among others: MTV, VH1, NICKELODEON, TV LAND and THE PARAMOUNT COMEDY CHANNEL™.

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International MTVN Program Services

The following table sets forth information regarding MTVN program services offered internationally as of March 1, 2004:

Program Service	Territory	Ownership	Regional Feeds/ Language(1)	Launch/ Commencement Date
CMT Canada	Canada	Joint Venture (with Corus Entertainment)	English	September 1996
Game One	France	50% by the Company	French	November 1998 (the Company's interest was acquired May 2003)
MTV Europe (includes 8 regional MTV Music Television feeds, MTV Base, MTV Hits, MTV Dance, MTV2 and MTV2POP)	Over 50 territories, in Europe, including most European Union states, Eastern and Central Europe, certain territories in Africa, certain countries in the Gulf States and certain territories in the Middle East	100% by the Company	8 regional MTV feeds presented in the following languages: MTV U.K. and Ireland (in English), MTV Netherlands (in Dutch), MTV Spain (in Spanish), MTV France (in French), MTV Central (in German), MTV Portugal (in Portuguese), MTV Nordic (in English) and MTV European (in English)	Various: August 1987-2003
MTV Italia (includes 3 feeds: MTV Music Television, MTV Hits and MTV Brand: New)	Italy	Joint Venture (with Holding Media e Comunicazione S.p.A., formerly known as Cecchi Gori Communications S.p.A.)	Italian	Various: September 2001-2003
MTV Poland (includes 2 feeds: MTV Music Television and MTV Classic)	Poland	Joint Venture (with UPC Programming BV)	Polish	July 2000 (MTV Music Television) June 2002 (MTV Classic)
MTV Romania	Romania	Licensing arrangement between MTV Europe and Music Television System SRL (a Romanian company)	Romanian	June 2002
MTV Russia	Russia	Joint Venture (with Russia Partners Company, L.P. and others)	Russian	September 1998

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Program Service	Territory	Ownership	Regional Feeds/ Language(1)	Launch/ Commencement Date
MTV Latin America (includes 3 regional MTV Music Television feeds)	Bolivia, Chile, Ecuador, Peru, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Puerto Rico, Venezuela, other Caribbean, Argentina, Brazil, Paraguay, Uruguay	100% by the Company	3 regional MTV feeds presented in Spanish	October 1993

MTV Brasil	Brazil	Joint Venture (with Abril S.A.)	Portuguese	October 1990
MTV Asia (includes 4 regional MTV Music Television feeds)	Taiwan, certain provinces in China*, Brunei, Macau, Bangladesh, Singapore, Malaysia, Vietnam, Hong Kong, Papua New Guinea, India, Sri Lanka, Nepal, Maldives, Mauritius and the Middle East	100% by the Company	4 regional MTV feeds presented in English and local languages: MTV Mandarin (in Mandarin), MTV Southeast Asia (in English), MTV India (in English and Hindi) and MTV China (in Chinese)	Various: April 1995-2003
MTV Indonesia	Indonesia	Joint Venture (through P.T. Ekabinanusa Yamasela and P.T. Bimantara Citra Tbk)	Bahasa Indonesian	May 2002
MTV Korea	South Korea	Joint Venture (with On Media Corp.)	Korean	July 2001 (original Korean language programming blocks since 1999)
MTV Philippines	Philippines	Joint Venture (with Nation Broadcasting Corp.)	English and Tagalog	January 2001
MTV Thailand	Thailand	Joint Venture (with Ten Music Television Co. Ltd.)	Thai and English	November 2001
MTV Japan	Japan	Joint Venture (with @Japan Media K.K. and others)	Japanese	January 2001
MTV Australia	Australia	Licensing Arrangement (with Optus Vision Pty Limited)	English	March 1997

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Program Service	Territory	Ownership	Regional Feeds/ Language(1)	Launch/ Commencement Date
MTV Canada (includes 2 feeds: MTV Music Television and MTV2)	Canada	Licensing Arrangement (with Craig Broadcast Systems Inc.)	2 feeds in English	October and December 2001
Nickelodeon Africa*	Africa	Licensing Arrangement (with Podesta Finance BV)	English	June 1999
Nickelodeon Asia (includes 4 regional Nickelodeon feeds)	Japan, India, Malaysia, Macau, New Zealand, Indonesia, Hong Kong, Bhutan, Palau, Maldives, Pakistan, Sri Lanka, Philippines, Singapore, Bangladesh, Nepal, China*, South Korea*, Brunei and Papua New Guinea	100% by the Company	4 regional Nickelodeon feeds presented in English and local languages: Nickelodeon Asia (in English), Nickelodeon Japan (in Japanese), Nickelodeon Philippines (in English and Tagalog) and Nickelodeon India (in English and Hindi)	Various: November 1998-2003
Nickelodeon Latin America (includes 3 regional Nickelodeon feeds)	Latin America, Brazil and the Caribbean	100% by the Company	3 regional feeds presented in English, Spanish and Portuguese: North (in Spanish and English), South (in Spanish) and Brazil (in Portuguese)	December 1996
Nickelodeon Australia	Australia	Joint Venture (with XYZ Entertainment Pty Ltd.)	English	October 1995
Nickelodeon Europe (includes 4 regional Nickelodeon services)	CIS/Baltic Republics (including Russia, Uzbekistan, Ukraine, Kazakhstan, Kyrgystan, Moldova, Georgia, Belarus, Estonia, Latvia and Lithuania); Nordic region (including Sweden, Norway, Denmark and Finland); Central and Eastern Europe countries (including Hungary, Czech Republic, Slovakia, Slovenia, Bulgaria, Serbia, Turkey, Malta); The Netherlands	100% by the Company	4 regional Nickelodeon services presented in local languages: CIS/Baltic Republics (Russian), Nordic Region (Swedish, Norwegian, Danish, English), Central and Eastern Europe (Hungarian-Magyar, English) and The Netherlands (Dutch)	Various: February 1997-2001
Nickelodeon Cyprus*	Cyprus	Licensing Arrangement (with Lumiere TV Limited)	Greek Hellenic	January 2002

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Program Service	Territory	Ownership	Regional Feeds/ Language(1)	Launch/ Commencement Date
Nickelodeon France*	France	Licensing Arrangement (with Canal J SA)	French	January 2003
Nickelodeon Greece*	Greece	Licensing Arrangement (with Telestare Limited)	Greek Hellenic	November 2001
Nickelodeon Russia*	Russia	Licensing Arrangement (with Majorcom Corporation)	Russian	September 2003
Nickelodeon Serbia*	Serbia	Licensing Arrangement (with Doda Media)	Serbian	October 2002
Nickelodeon Spain*	Spain	Licensing Arrangement (with Paramount Comedy Channel Espana SL, a company 100% owned by the Company)	Castillian	March 1999
Nickelodeon Turkey*	Turkey	Licensing Arrangement (with Associated Euromedia International Limited)	Turkish	September 2003
Nickelodeon U.K.* (includes 3	U.K.	Joint Venture (with British Sky	3 Nickelodeon services presented in	September 1993 (Nick) September

Nickelodeon services)		Broadcasting Limited)	English: Nickelodeon UK; Nick Jr. and Nick Toons	1999 (Nick Jr.) September 2002 (Nick Toons)
Nickelodeon Israel*	Israel	Licensing Arrangement (with Ananaey Communications Limited)	Hebrew	July 2003
Nickelodeon Latin America (includes 3 regional Nickelodeon feeds)	Latin America, Brazil and the Caribbean	100% by the Company	3 regional feeds in English and local languages (Spanish and Portuguese): North (in Spanish and English), South (in Spanish) and Brazil (in Portuguese)	December 1996
Spike TV	Canada	100% by the Company	English	1984 as TNN and re-branded as Spike in August 2003

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Program Service	Territory	Ownership	Regional Feeds/ Language(1)	Launch/ Commencement Date
TMF (includes 3 regional TMF services)	The Netherlands, Belgium, U.K.	100% by the Company	3 regional TMF feeds in the Netherlands (in Dutch), Belgium (in Flemish) and the U.K. (in English)	Launched in The Netherlands in May 1995, in Belgium in October 1998 and in the U.K. in October 2002 (the Company acquired the venture in June 2001)
TV Land Canada	Canada	Licensing Arrangement (with Craig Broadcasting Systems Inc.)	English	September 2001
VH1 U.K./VH1 European/VH1 Classic/VH2	All European Union states, the Gulf States, the Middle East, South Africa, Scandinavia, Israel, Malta, Moldova, South Africa and Eastern Europe	100% by the Company	English	Various: September 1994 — December 2003
VH1 Thailand*	Thailand	Joint Venture (with Ten Music Television Co. Ltd.)	English and Thai	October 2002

* Denotes program services that are not 24 hours-a-day/seven-days-a-week.
(1) All MTV and VH1 program services include English language music videos.

MTVN, in exchange for cash and advertising time or for promotional consideration only, licenses from record companies music videos for exhibition on MTV, MTV2, VH1, CMT and other MTVN programming services. MTVN has entered into multi-year global music video licensing agreements with the major record companies. These agreements generally cover a three-to-five year period and contain provisions regarding video exhibition. MTVN also has entered into global or regional license agreements with certain independent record companies. MTVN expects to renew or initiate additional global or regional license agreements with the foregoing record companies and other record companies. However, there can be no assurance that such renewals or agreements can be concluded on favorable terms (see "Viacom Business Segments-Competition-Cable Networks").

MTVN derives revenues principally from two sources: the sale of time on its own networks to advertisers and the license of its networks to cable television operators, DTH and other distributors. The sale of MTVN advertising time is affected by viewer demographics, viewer ratings and market conditions for advertising time. Adverse changes to any of these factors could have an adverse effect on revenues. In addition, continued consolidation among cable and/or DTH distributors could have an adverse effect on MTVN's license fee revenue (see "Viacom Business Segments-Competition-Cable Networks").

MTVN operates Internet sites that appeal to the current audiences of its various MTV, VH1, SPIKE, CMT, NICKELODEON, COMEDY CENTRAL and mtv U television program services, as well as to new online audiences. In addition to providing entertainment and information on such Web sites, these Web sites provide an additional outlet for sales of Company-licensed and third-party merchandise. In addition, MTVN has numerous music Web site destinations around the world, including MTV.com, VH1.com, CMT.com and mtvu.com. MTV.com offers users access to music in the form of streaming and downloadable music and music videos on demand; interactive entertainment relating to MTV programs; news about music and other issues of importance to the MTV audience, plus technologies to enable the

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MTV community to connect with artists, celebrities and each other. VH1.com offers users interactive entertainment, music news, artist information, daily polls and community features. mtvu.com provides information as a special feature relating to the programming of mtv U. MTVN, on behalf of its Web sites, currently obtains much of its Web site content from record labels, music publishers and artists. If these providers begin to charge significant fees for their content, or otherwise alter or discontinue their relationship with MTVN's Web sites, then the respective Web site's content offering and business could be adversely affected. NICKELODEON properties are featured on Web sites including Nick.com, NickJr.com, Nick-at-Nite.com, Gas.Nick.com and Teachers.Nick.com. Nick.com is a leading Web site for kids, offering convergent entertainment, online games, entertainment tools and services, information on NICKELODEON celebrities and programs and other content for kids. NickJr.com is a leading Web site for parents and their pre-school aged kids, offering parenting advice and information, as well as a pre-school area featuring interactive games, art, stories and music. MTVN also operates the TVLand.com, SpikeTV.com, ComedyCentral.com, Noggin.com and The-N.com Web sites providing information and special features relating to the programming on those cable networks. In January 2004, MTVN's Web sites attracted over 15.4 million U.S. monthly unique visitors according to Comscore Media Metrix, a leading online audience research measurement service.

BET: Black Entertainment Television. BET's owned and operated cable program services include the BET CABLE NETWORK and BET JAZZ: THE JAZZ CHANNEL ("BET JAZZ"), and its digital services include BET GOSPEL® and BET HIP HOP®.

The BET CABLE NETWORK targets the African-American viewing audience, appealing primarily to the 18 to 49 age group, by providing a broad mix of music, entertainment, sports, religious, news and public affairs programming, consisting of both original and acquired programs. BET's programming includes

original entertainment specials, hosted music video programs, sports, news and public affairs offerings, comedy shows as well as acquired movies, entertainment specials, series, religious programs and gospel music programs.

Entertainment specials represent some of the most popular programs aired on the BET CABLE NETWORK. In 2003, BET produced and aired the 3rd ANNUAL BET AWARDS SHOW, the 9th ANNUAL WALK OF FAME, 3rd ANNUAL SPRING BLING and the 3rd ANNUAL CELEBRATION OF GOSPEL. These entertainment specials, along with the airing of the 2003 SOURCE AWARDS on BET, resulted in BET's highest rated programming for 2003.

Music video programs and comedy programming represent popular original series on the BET CABLE NETWORK. Some of the network's most widely watched music video and comedy programs include 106 & PARK, 106 & PARK: PRIME, RAP CITY: THA BASSMENT, COMICVIEW, a stand-up comedy show, and COMING TO THE STAGE, a comedy competition series. In 2003, BET began airing newly acquired comedy and dramatic series programs including SOUL FOOD®, THE PARKERS and HEY MONIE. In addition, BET continues its tradition of airing acquired movies and originally produced movies on a weekly basis. The BET CABLE NETWORK also produced and aired news and public affairs programs of interest to its audience including the BET NIGHTLY NEWS and BET OPEN MIC specials covering major current issues including interviews with guests such as Secretary of State, Colin Powell, prior to commencement of the war against Iraq.

BET JAZZ, the only U.S. cable network devoted solely to jazz music, targets the 25 to 54 year old viewing audience. Programming on BET JAZZ consists of a mixture of in-studio performances, festivals, concerts, celebrity interviews and documentaries. Original programming aired in 2003 on the network includes JOURNEY WITH JAZZ AT LINCOLN CENTER. During 2003, BET JAZZ also enhanced its original programming through partnerships and sponsorship alliances with major advertisers and industry partners.

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The BET CABLE NETWORK derives its revenue from the sale of advertising time on the networks and from subscription fees generated by license of the network to cable television operators, DTH and other distributors. As of December 31, 2003, according to the Nielsen Media Research report, the BET CABLE NETWORK reached approximately 77.9 million domestic subscriber households. BET JAZZ derives its revenue principally from subscription fees generated by license of its network to cable television operators and other distributors. As of December 31, 2003, BET JAZZ billed approximately 8.5 million domestic subscriber households. Some of the BET CABLE NETWORK and BET JAZZ distribution agreements expired at the end of 2003. BET expects all of these agreements to be renewed or extended through multi-year carriage deals by the end of 2004. If agreement renewals are not completed, the BET CABLE NETWORK and/or BET JAZZ could lose some of their subscribers.

BET GOSPEL and BET HIP HOP, BET's digital services, launched in the summer of 2002 with limited distribution. Negotiations are underway to expand distribution in 2004. BET GOSPEL features gospel music programming, gospel artist performances and interviews, religious ministries, family programming and programming fare designed to provide spiritual fulfillment. BET HIP HOP features hip-hop and rap music videos, artists and performances.

BET EVENT PRODUCTIONS® produces special musical events and festivals featuring music genres such as jazz, Latin jazz and rhythm & blues. Its services include event management, venue selection, talent recruitment and sound, light and stage production. BET EVENT PRODUCTIONS also supports the production needs of BET JAZZ. BET BOOKS, BET's book publishing division, publishes romance, inspirational and mainstream fiction books targeted to the African-American market. Its revenues are generated by book sales through a subscriber book club, retail outlets, discount stores and online book merchants.

BET has an approximately 42% interest in BET INTERACTIVE, LLC, a company which, through its Web site, BET.com, offers users content and interactive features for news, entertainment, community and other areas tailored to the unique interests and issues of African Americans. BET.com also provides program schedules for the BET CABLE NETWORK and BET JAZZ, the latest music news, artist information, music offerings and interactive entertainment for programs such as 106 & PARK and BET.COM COUNTDOWN. In December 2003, BET.com attracted approximately 800,000 U.S. monthly unique visitors, according to Nielsen/NetRatings.

Showtime Networks Inc. SNI owns and operates three commercial-free, premium subscription television program services in the U.S.: SHOWTIME, offering recently released theatrical feature films, original series, original motion pictures, boxing and other special events; THE MOVIE CHANNEL™, offering recently released theatrical feature films and related programming; and FLIX®, offering theatrical feature films primarily from the 70s, 80s and 90s, as well as selected other titles. At December 31, 2003, SHOWTIME, THE MOVIE CHANNEL and FLIX, in the aggregate, had approximately 34.8 million subscriptions in the 50 states, certain U.S. territories and Bermuda. SUNDANCE CHANNEL®, a venture (among SNI, an affiliate of Robert Redford and Universal Studios) managed by SNI through a management agreement which expires on December 31, 2004, is a commercial-free premium subscription television program service in the U.S., dedicated to independent film, featuring top-quality American independent films, documentaries, foreign and classic art films, shorts and animation, with an emphasis on recently released titles.

SNI also owns and operates several different channels of SHOWTIME and THE MOVIE CHANNEL in the U.S. which offer more and varied movie viewing choices. In addition, SNI transmits SHOWTIME HD™, a high definition television feed of SHOWTIME, and THE MOVIE CHANNEL HD™, a high definition television feed of THE MOVIE CHANNEL. SNI also makes available SHOWTIME ON DEMAND® and THE MOVIE CHANNEL ON DEMAND™, which provide SHOWTIME and THE MOVIE CHANNEL subscribers with the ability to watch available programming on demand.

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SNI also provides special events, such as sports and musical events, to licensees on a pay-per-view basis. SHOWTIME PPV™ is a pay-per-view distributor of these special events, including high-profile boxing events. The unit has produced and distributed seven of the top ten pay-per-view events of all time, including the top four: Holyfield vs. Tyson II, Lewis vs. Tyson, Tyson vs. Holyfield I and Tyson vs. McNeeley. In addition to boxing, SHOWTIME PPV has been instrumental in bringing other events to the viewing public, including numerous music concerts.

The costs of acquiring premium television rights to programming and producing original motion pictures and series are the principal expenses of SNI. In order to exhibit theatrical motion pictures on premium subscription television, SNI enters into commitments to acquire rights, with an emphasis on acquiring exclusive rights for SHOWTIME and THE MOVIE CHANNEL, from major or independent motion picture producers and other distributors. SNI's exhibition rights typically cover the U.S. and Bermuda and may, on a contract-by-contract basis, cover additional territories. SNI has the exclusive U.S. premium subscription television rights to PARAMOUNT PICTURES' feature films theatrically released beginning January 1, 1998, as well as non-exclusive rights to certain titles from PARAMOUNT PICTURES' film library (see "Viacom Business Segments-Entertainment"). SNI also has significant theatrical motion picture license agreements with other motion picture producers and distributors, including Metro-Goldwyn-Mayer Studios Inc. ("MGM") and Artisan Pictures Inc., recently acquired by Lions Gate Entertainment Corp., covering motion pictures initially theatrically released through various dates up to December 31, 2008.

Theatrical motion pictures that are licensed to SNI on an exclusive basis are generally exhibited first on SHOWTIME and THE MOVIE CHANNEL after an initial period or "window" for theatrical, home video and pay-per-view exhibition and before the period commences for standard broadcast television and basic cable television exhibition. Many of the motion pictures that appear on FLIX have been previously available for standard broadcast and other exhibitions (but are shown on FLIX unedited and commercial-free).

SNI also arranges for the development, production, acquisition and, in many cases, distribution of original programs, series and motion pictures. SNI's original series include DEAD LIKE ME, an imaginative darkly comedic look at the humor and humanity of life, death and the soul's afterlife; THE L WORD™, a breakthrough dramatic series which premiered in January 2004, examining the lives and relationships of a group of lesbians in Los Angeles; and SOUL FOOD, a dramatic series in its final season (based on the theatrical motion picture of the same name) that follows the lives of three African-American sisters and their families. SNI's original programming in recent years has been honored with three George Foster Peabody awards, two Humanitas Prizes, and the Academy of Television Arts & Sciences' prestigious Governor's Award for diversity in programming. As part of its original programming strategy, SNI exhibited seven scripted original series on SHOWTIME in 2003 and expects to exhibit seven scripted original series on SHOWTIME in 2004. In addition, SNI premiered 11 original motion pictures on SHOWTIME in 2003 (14 including original documentaries), and expects to premiere approximately eight original motion pictures on SHOWTIME in 2004 (11 including original documentaries). The producers of some of SNI's original motion pictures are given an opportunity to seek a theatrical release prior to such pictures' exhibition on SHOWTIME or THE MOVIE CHANNEL. If the producers are not successful in obtaining such a theatrical release, these pictures then premiere in the U.S. on SHOWTIME or THE MOVIE CHANNEL. SNI has entered into and plans to continue to enter into co-financing, co-production and/or co-distribution arrangements with other parties to reduce the net cost to SNI for its original programming. In 2003, Hallmark Entertainment Distribution LLC, MGM and Columbia TriStar Domestic Television were the predominant co-producers, co-financiers and co-distributors of SNI's original motion pictures, programs and series for that year. BLOCKBUSTER and SNI have an agreement whereby BLOCKBUSTER will license from SNI the non-exclusive domestic home video rights to up to 98 SNI original motion pictures and other programs through December 31, 2006.

SNI derives revenue principally from the license of its networks to cable television operators, DTH and other distributors. The failure to renew agreements with these distributors on favorable terms or continued consolidation among distributors could have an adverse effect on SNI's revenues.

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Television (29%, 30% and 31% of the Company's consolidated revenues in 2003, 2002 and 2001, respectively)

The Television segment consists of the CBS and UPN television networks, the Company's owned broadcast television stations, and its television production and syndication businesses.

Television Networks. The CBS TELEVISION NETWORK™ through CBS ENTERTAINMENT™, CBS NEWS™ and CBS SPORTS™ distributes a comprehensive schedule of news and public affairs broadcasts, sports and entertainment programming, and feature films to more than 200 domestic affiliates, including 20 of the Company's owned and operated television stations, and to certain overseas affiliated stations. The affiliates serve, in the aggregate, all 50 states and the District of Columbia, reaching virtually every television home in the U.S. The CBS TELEVISION NETWORK is responsible for sales of advertising time for its network broadcasts.

CBS ENTERTAINMENT is responsible for acquiring or developing and scheduling the entertainment programming presented on the CBS TELEVISION NETWORK, which includes primetime comedy and drama series, reality-based programming, made-for-television movies and miniseries, theatrical films, specials, children's programs, daytime dramas, game shows and late-night programs. CBS ENTERTAINMENT introduced five new dramas and one new comedy in the 2003-2004 season, including COLD CASE, JOAN OF ARCADIA, NAVY: NCIS and TWO AND A HALF MEN. Returning shows on the CBS TELEVISION NETWORK include EVERYBODY LOVES RAYMOND and CSI: CRIME SCENE INVESTIGATION. The Company also continued its reality-based SURVIVOR series, with SURVIVOR: PEARL ISLANDS. SURVIVOR: ALL STARS premiered on February 1, 2004. Specials presented by the division include THE GRAMMY AWARDS, THE COUNTRY MUSIC ASSOCIATION AWARDS and THE KENNEDY CENTER HONORS. Late-night programming presented by the division includes THE LATE SHOW WITH DAVID LETTERMAN.

CBS NEWS operates a worldwide news organization, providing the CBS TELEVISION NETWORK and the CBS RADIO NETWORK™ with regularly scheduled news and public affairs broadcasts, including 60 MINUTES, the pioneering news magazine now in its 36th season, the CBS EVENING NEWS WITH DAN RATHER and THE EARLY SHOW, as well as special reports, including, in 2003, coverage of the war in Iraq and its aftermath. CBS NEWS maintains 18 news bureaus and offices around the world, in addition to its headquarters operations in New York City. CBS Radio News serves more than 500 radio stations with hourly newscasts, instant coverage of breaking stories, special reports, updates, features, customized reports and news feed material. Among its many features are "World News Roundup" and "World News Roundup-Late Edition." CBS News Productions, the off-network production company created by CBS NEWS, produces original nonfiction programming for domestic and international outlets, including the cable television, home video, CD-ROM, audio-book and in-flight markets, as well as schools and libraries. CBS NEWS also produces and distributes CBS NEWSPATH, an audiovisual news syndication service, to CBS affiliates and other subscribers worldwide.

CBS SPORTS broadcasts comprehensive regular-season golf and college football and basketball line-ups on network television, in addition to the NFL's American Football Conference regular season schedule, the Post Season Divisional Playoff games and the AFC championship game. On February 1, 2004, CBS SPORTS broadcast the SUPER BOWL. Among the events CBS SPORTS broadcasts are THE NFL TODAY; certain NCAA championships such as the NCAA Division I Men's Basketball Championship Tournament, including the Final Four; golf, including the Masters Tournament and the PGA Championship; the U.S. Open Tennis Championships; and CBS SPORTS SPECTACULAR, including skiing, track and field, and gymnastics events. Extending its franchises off the field and court, CBS SPORTS has activated its marketing rights for the 2003-2013 NCAA Championships, including coordination of licensing, merchandising, related multimedia and television, and other related business opportunities.

At December 31, 2003, UPN provided 13 hours of programming a week, consisting of a two-hour primetime programming block five nights per week, Monday through Friday, a two-hour weekend movie and

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one additional hour of ENTERPRISE during the weekend. UPN's programming is provided to its affiliates in 183 U.S. television markets, reaching approximately 96.2% of all U.S. television households, including secondary affiliates. Eighteen of the Company's owned television stations are affiliates of UPN. UPN's primetime schedule includes the new comedies EVE and ALL OF US as well as returning series including WWE SMACKDOWN! and THE PARKERS.

Through CBS.com and CBSNews.com, the Company operates Web sites that collectively received more than 1.3 billion pageviews in 2003 and, according to Nielsen/NetRatings, attracted an average audience of 6.0 million U.S. monthly unique visitors. CBS.com produces Web sites for all CBS ENTERTAINMENT programs, including SURVIVOR, CSI and BIG BROTHER. CBS.com is responsible for the CBS TELEVISION NETWORK's promotional Web sites, online subscription services, fantasy leagues and interactive voting technology. CBSNews.com is a multimedia provider of continuous, in-depth news and information. CBSNews.com produces Web sites for all CBS NEWS programs. Both sites provide links to cbs.marketwatch.com, operated by MarketWatch.com, Inc., and cbs.sportsline.com, operated by SportsLine.com, Inc.

The Company holds minority investments in SportsLine.com, Inc. (NASDAQ: SPLN), a provider of online sports content, services and merchandise, and in MarketWatch.com, Inc. (NASDAQ: MKTW), a provider of online business news and financial tools.

Television Stations. The Company owns 39 broadcast television stations, all of which operate under licenses granted by the Federal Communications Commission ("FCC") pursuant to the Communications Act of 1934, as amended (the "Communications Act"). The licenses are renewable every eight years.

The Company's television stations are located in the 7 largest, and 15 of the top 20, television markets in the U.S. The Company owns two television stations within the same designated market area in eight major markets: Los Angeles (market #2), Philadelphia (market #4), San Francisco-Oakland-San Jose (market #5), Boston (market #6), Dallas-Fort Worth (market #7), Detroit (market #10), Miami (market #17) and Pittsburgh (market #22).

The stations produce news and broadcast public affairs and other programming to serve their local markets and offer CBS or UPN television network and syndicated programming. Many of the Company's television stations currently operate Web sites, which promote the stations' programming, and provide news, information and entertainment, as well as other services.

The Company's owned and operated television stations reach approximately 45% of all U.S. television households and approximately 39% of U.S. television households as measured by the FCC's television national audience reach limitation (or the national television cap) under which a VHF television station is deemed to reach 100% of the television households in its market and a UHF television station is deemed to reach 50% of the television households in its market. As a result of recent Congressional action, the FCC's ownership rules limit the Company's national audience reach to 39% of all U.S. television households. The FCC's ownership rules are currently the subject of rulemaking at the FCC and of litigation. For a discussion of pending proceedings regarding the FCC's ownership rules and the UHF 50% discount, see "Viacom Business Segments-Regulation-Broadcasting-Ownership Regulation."

Currently, broadcast signals are, for the most part, received by the viewing public in analog form. However, in April 1997, the FCC began the transition from an analog to a digital television service by assigning each existing television station an additional channel to be used for the broadcast of a digital signal. The FCC adopted a time schedule under which stations were required (absent conditions beyond their control) to construct digital transmission facilities and begin digital operations. The schedule had staggered deadlines; however, as of May 1, 2002, all commercial television stations were required to have commenced broadcast of a digital signal. With the exception of its UPN-affiliated stations in Pittsburgh, Oklahoma City and Providence, all of the Company's stations are transmitting digital broadcasts that comply with the FCC's requirements. These three stations are not broadcasting digital signals because the FCC has yet to grant the Company authorization to construct the digital facilities for them. The Company intends to promptly commence construction of the digital facilities for these stations upon receipt of authorization from the FCC.

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Television Stations

The table below sets forth the broadcast television stations owned by the Company as of March 1, 2004.

Station and Metropolitan Area Served (1)	Market Rank (2)	Type/Channel	Network Affiliation
WCBS-TV New York, New York	1	VHF/2	CBS
KCAL-TV Los Angeles, CA	2	VHF/9	Independent
KCBS-TV Los Angeles, CA	2	VHF/2	CBS
WBBM-TV Chicago, IL	3	VHF/2	CBS
KYW-TV Philadelphia, PA	4	VHF/3	CBS
WPSG-TV Philadelphia, PA	4	UHF/57	UPN
KPIX-TV San Francisco-Oakland-San Jose, CA	5	VHF/5	CBS
KBHK-TV San Francisco-Oakland-San Jose, CA	5	UHF/44	UPN
WBZ-TV Boston, MA	6	VHF/4	CBS
WSBK-TV Boston, MA	6	UHF/38	UPN
KTVT-TV Dallas-Fort Worth, TX	7	VHF/11	CBS
KTXA-TV Dallas-Fort Worth, TX	7	UHF/21	UPN
WUPA-TV Atlanta, GA	9	UHF/69	UPN
WKBD-TV Detroit, MI	10	UHF/50	UPN
WWJ-TV Detroit, MI	10	UHF/62	CBS

KSTW-TV Seattle-Tacoma, WA	12	VHF/11	UPN
WTOG-TV Tampa-St. Petersburg-Sarasota, FL	13	UHF/44	UPN
WCCO-TV Minneapolis-St. Paul, MN	14	VHF/4	CBS
<i>Satellites:</i>			
KCCO-TV(3) Alexandria, MN			CBS
KCCW-TV(4) Walker, MN			CBS
WFOR-TV Miami-Ft. Lauderdale, FL	17	VHF/4	CBS
WBFS-TV Miami-Ft. Lauderdale, FL	17	UHF/33	UPN

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Station and Metropolitan Area Served (1)	Market Rank (2)	Type/ Channel	Network Affiliation
KCNC-TV Denver, CO	18	VHF/4	CBS
KMAX-TV Sacramento-Stockton-Modesto, CA	19	UHF/31	UPN
KDKA-TV Pittsburgh, PA	22	VHF/2	CBS
WNPA-TV Pittsburgh, PA	22	UHF/19	UPN
WJZ-TV Baltimore, MD	23	VHF/13	CBS
WNDY-TV Indianapolis, IN	25	UHF/23	UPN
WWHO-TV Columbus, OH	34	UHF/53	UPN/WB(5)
KUTV-TV Salt Lake City, UT	36	VHF/2	CBS
<i>Satellite:</i>			
KUSG-TV(6) St. George, UT			CBS
WTVX-TV West Palm Beach-Ft. Pierce, FL	39	UHF/3	UPN/WB(7)
WGNT-TV Norfolk-Portsmouth-Newport News, VA	41	UHF/27	UPN
WUPL-TV New Orleans, LA	42	UHF/54	UPN
KAUT-TV Oklahoma City, OK	45	UHF/43	UPN
WLWC-TV Providence, RI-New Bedford, MA	48	UHF/28	UPN/WB(8)
KEYE-TV Austin, TX	54	UHF/42	CBS
WFRV-TV Green Bay-Appleton, WI	68	VHF/5	CBS
<i>Satellite:</i>			
WJMN-TV(9) Escanaba, MI	178		CBS
WHDF-TV(10) Huntsville-Decatur-Florence, AL	83	UHF/15	UPN

- (1) Metropolitan Area Served is Nielsen Media Research's Designated Market Area.
- (2) Market Rankings based on Nielsen Station Index—Designated Market Area Market and Demographic Rank, September 2003.
- (3) KCCO-TV is operated as a satellite station of WCCO-TV.
- (4) KCCW-TV is operated as a satellite station of WCCO-TV.
- (5) WWHO-TV's primary affiliation is with UPN. The station has a secondary affiliation with the WB network.
- (6) KUSG-TV is operated as a satellite station of KUTV-TV.
- (7) WTVX-TV's primary affiliation is with UPN. The station has a secondary affiliation with the WB network.
- (8) WLWC-TV's primary affiliation is with UPN. The station has a secondary affiliation with the WB network.
- (9) WJMN-TV is operated as a satellite station of WFRV-TV.
- (10) The Company owns a 17.5% minority interest in WHDF-TV, which is attributable under the FCC's ownership rules. The station is in the process of being sold.

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Television Production and Syndication. The Company, through CBS ENTERPRISES (including KING WORLD PRODUCTIONS and CBS BROADCAST INTERNATIONAL), PARAMOUNT TELEVISION, SPELLING TELEVISION®, CBS PRODUCTIONS and VIACOM PRODUCTIONS®, produces, acquires and/or distributes various programming worldwide, including series, specials and made-for-television movies. Such programming is produced primarily for broadcast on network television and exhibition on basic cable and premium subscription services. The Company also produces and/or distributes first-run and off-network syndicated programming. First-run syndicated programming is programming produced or co-produced for initial sale to individual

television stations without prior exhibition on a network. Off-network syndicated programming is programming exhibited on television stations or cable networks which has already been exhibited on a network, basic cable or premium subscription service.

Programming that was produced or co-produced by the Company's production and syndication group and is broadcast on network television includes CSI: CRIME SCENE INVESTIGATION (CBS), THE DISTRICT (CBS) and FRASIER (NBC). Generally, a network will license a specified number of episodes for exhibition on the network in the U.S. during a license period. Remaining distribution rights, including foreign and/or off-network syndication rights, are typically retained by the Company. The episodic network license fee is normally less than the costs of producing each series episode; however, the Company's objective is to recoup its costs and earn a profit through domestic syndication of episodes after their network runs and/or by obtaining international sales through its licensing operations. Foreign sales are generally made within one year of U.S. network runs. Generally, a series must have a network run of at least three or four years to be successfully sold in domestic syndication. In off-network syndication, the Company distributes series such as EVERYBODY LOVES RAYMOND, SABRINA, THE TEENAGE WITCH and FRASIER. The Company also distributes a library of older television programs, including THE ANDY GRIFFITH SHOW and HAPPY DAYS.

The Company produces and/or distributes programming for first-run syndication that it sells directly to television stations in the U.S. on a market-by-market basis. The Company's first-run syndicated programming includes shows such as JEOPARDY!, ENTERTAINMENT TONIGHT, JUDGE JUDY and THE OPRAH WINFREY SHOW. The Company also distributes syndicated programming internationally. In addition, the Company produces and distributes the original television series THE DIVISION for the basic cable program service Lifetime.

The recognition of revenues for license fees for completed television programming in syndication and on basic cable is similar to that of feature films exhibited on television with license fees recorded as revenue in the year that programming is available for exhibition which, among other reasons, may cause substantial fluctuation in the Television segment's operating results. At December 31, 2003, the unrecognized revenues attributable to such television program license agreements were approximately \$634.9 million, compared to approximately \$668.3 million at December 31, 2002, including intercompany revenues of \$345.2 million and \$366.8 million, respectively.

Radio (8%, 9% and 9% of the Company's consolidated revenues in 2003, 2002 and 2001, respectively)

The Company's radio broadcasting business operates through INFINITY RADIO, which owns and operates 185 radio stations serving 41 markets. It is one of the largest operators of radio stations in the U.S. Approximately 91% of the Company's radio stations are located in the 50 largest U.S. radio markets. The Company's growth strategy generally is to operate and acquire radio stations in the largest markets and take advantage of the Company's unique ability to sell across multiple markets and formats. The Company believes that it is favorably impacted by offering both radio and outdoor advertising properties in large markets. Radio's focus on large markets makes its stations more appealing to advertisers, enables it to attract more highly skilled management, employees and on-air talent, and permits it to more efficiently manage its business and generate higher levels of cash flow than would be the case if it managed a larger

number of stations which included stations in smaller markets. The Radio Stations and Outdoor Advertising Displays table below includes information with regard to the Company's radio stations in the top 25 U.S. radio markets.

Radio seeks to maintain substantial diversity among its radio stations. The geographically wide-ranging stations serve diverse target demographics through a broad range of programming formats, such as rock, oldies, news/talk, adult contemporary, sports/talk and country, and INFINITY RADIO has established leading franchises in news, sports, and personality programming. The overall mix of each radio station's programming is designed to fit the station's specific format and serve its local community. This diversity provides advertisers with the convenience to select stations to reach a targeted demographic group or to select groups of stations to reach broad groups of consumers within and across markets. This diversity also reduces Radio's dependence on any single station, local economy, format or advertiser. Radio's general programming strategies include employing popular on-air talent, syndicating shows of some of these talent nationally and acquiring the rights to broadcast sports franchises and news content for its radio stations. These strategies, in addition to developing loyal audiences for its radio stations, create the opportunity to obtain additional revenues from syndicating such programming elements to other radio stations.

The substantial majority of Radio's advertising revenues are generated from the sale of local, regional and national advertising. The major categories of radio advertisers include: automotive, retail, healthcare, telecommunications, fast food, beverage, movies, entertainment and services. INFINITY RADIO is able to use the reach, diversity and branding of its 185 radio stations to create unique corporate-wide marketing and promotional initiatives for major national advertisers for products and services such as consumer electronics, home building supplies, Internet services, the movie and music industries and financial services. The success and reputation of INFINITY RADIO and its stations allow the Company to attract the participation of major artists in these national campaigns. Revenue fluctuations are common in the radio industry and are primarily the result of fluctuations in advertising expenditures by retailers.

The Company also owns the CBS RADIO NETWORK, which is managed by Westwood One, Inc. As of March 1, 2004, Infinity owns approximately 16% of the common stock of Westwood One, Inc., which it manages pursuant to a management agreement. Westwood One is a leading producer and distributor of syndicated and network radio programming in the U.S. and distributes syndicated and network radio programming, including traffic and weather information, to many of the Company's radio stations as well as to the Company's competitors. Westwood One does not own or operate radio stations.

Radio Stations and Outdoor Advertising Displays

The following table sets forth information with regard to the Company's radio stations and outdoor advertising displays as of March 1, 2004 in the top 25 U.S. radio markets:

Market	2003 Market Rank By Metro Area Population(1)	Radio			Outdoor
		Stations	AM/FM	Format	Display Type
New York, NY	1	WCBS-FM	FM	Oldies	Bus, Bus Shelters, Rail, Billboards, Walls, Trestles, "Spectacular Signage," Bulletins, Posters, Mall Posters
		WCBS	AM	News	
		WFAN	AM	Sports	
		WINS	AM	News	

		WNEW WXRK	FM FM	Adult Contemporary Alternative Rock	
Los Angeles, CA	2	KCBS-FM KFWB KLSX KNX KROQ KRTH KTWV	FM AM FM AM FM FM FM	Classic Rock News FM Talk News Alternative Rock Oldies Smooth Jazz	Bus, Bus Shelters, Kiosks, Bulletins, Walls, Posters, Mall Posters
Chicago, IL	3	WBBM-FM WBBM WCKG WJMK WSCR WUSN WXRT	FM AM FM FM AM FM FM	Rhythmic Contemporary Hit Radio News FM Talk Oldies Sports Country Adult Album Alternative	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters, Walls
San Francisco, CA	4	KCBS KFRC-FM KFRC KITS KLLC KYCY KBAY	AM FM AM FM FM AM FM	News Oldies Oldies Alternative Rock Modern Adult Contemporary Talk Adult Contemporary	Bus, Bus Shelters, Rail, Cable Cars, Bulletins, Walls, Posters, Mall Posters
Dallas-Fort Worth, TX	5	KLUV KOAI KRBV KRLD KVIL KLLI	FM FM FM AM FM FM FM	Oldies Smooth Jazz Contemporary Hit Radio News/Talk Adult Contemporary FM Talk	Bus, Walls, Bulletins, Mall Posters
Philadelphia, PA	6	KYW WIP WOGL WPHT WYSP	AM AM FM AM FM	News Sports Oldies Talk Active Rock	Bus, Bus Shelters, Rail, Bulletins, Mall Posters
Houston, TX	7	KHJZ-FM KIKK KILT-FM KILT	FM AM FM AM	Smooth Jazz Business Country Sports	Bulletins, Mall Posters
Washington, D.C.	8	WARW WHFS WJFK-FM WPGC-FM	FM FM FM FM	Classic Rock Alternative Rock FM Talk Rhythmic Contemporary Hit Radio	Bus, Rail, Mall Posters, Walls
Boston, MA	9	WBCN WBMX WBZ WODS WZLX WPGC	FM FM AM FM FM AM	Alternative Rock Hot Adult Contemporary News Oldies Classic Rock Gospel	Bus, Rail, Mall Posters

Market	2003 Market Rank By Metro Area Population(1)	Radio			Outdoor
		Stations	AM/FM	Format	Display Type
Detroit, MI	10	WKRK WOMC WVMV WWJ WXYT WYCD	FM FM FM AM AM FM	FM Talk Oldies Smooth Jazz News Sports Country	Bus, Bulletins, Posters, Mall Posters
Atlanta, GA	11	WAOK WVEE WZGC	AM FM FM	Black News/Talk Urban Contemporary Classic Rock	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters
Miami-Ft. Lauderdale, FL	12	—	—	—	Bulletins, Mall Posters, Kiosks
Puerto Rico	13	—	—	—	Bulletins, Posters
Seattle-Tacoma, WA	14	KBKS-FM KMPS KYCW KRQI-FM KZOK	FM FM AM FM FM	Contemporary Hit Radio Country Classic Country Classic Alternative Classic Rock	Bus, Bulletins, Mall Posters
Phoenix, AZ	15	KOOL KZON KMLE	FM FM FM	Oldies Alternative Rock Country	Bus Shelters, Bulletins, Posters, Mall Posters, Benches, Walls
Minneapolis, MN	16	WCCO WLTE WXPT KSNB	AM FM FM AM	News/Talk/Sports Adult Contemporary Hot Adult Contemporary Sports/Business	Bus, Bulletins, Mall Posters
San Diego, CA	17	KPLN KYXY	FM FM	Classic Rock Adult Contemporary	Bus, Bus Shelters, Bulletins, Posters, Mall Posters
Nassau-Suffolk, NY(2)	18	—	—	—	Bus, Bulletins
Baltimore, MD	19	WBGR WBMD WJFK WLIF WQSR WWMX WXYV	AM AM AM FM FM FM FM	Gospel Religious Sports Soft Adult Contemporary Oldies Hot Adult Contemporary FM Talk	Mall Posters, Bus Shelters

St. Louis, MO	20	KEZK KMOX KYKY	FM AM FM	Adult Contemporary News/Talk Hot Adult Contemporary	Bulletins, Posters, Mall Posters
Tampa-St. Petersburg, FL	21	WLLD WQYK-FM WQYK WYUU WRBQ WSJT	FM FM AM FM FM FM	Rhythmic Contemporary Hit Radio Country Sports Country Oldies Smooth Jazz	Bulletins, Mall Posters
Denver, CO	22	KDJM KIMN KKKL	FM FM FM	Rhythmic Adult Contemporary Hot Adult Contemporary Oldies	Bus Shelters, Benches, Bulletins, Posters, Mall Posters
Pittsburgh, PA	23	KDKA WBZZ WDSY WZPT	AM FM FM FM	News/Talk Contemporary Hit Radio Country Hot Adult Contemporary	Bulletins, Mall Posters

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Market	2003 Market Rank By Metro Area Population(1)	Radio			Outdoor
		Stations	AM/FM	Format	Display Type
Portland, OR	24	KVMX KINK KLTH KUFO-FM KUPL-FM KUPL	FM FM FM FM FM AM	80's Hits Adult Album Alternative Adult Contemporary Rock Country Classic Country	Bulletins, Mall Posters, Walls, Posters
Cleveland, OH	25	WNCX WDOK WQAL WXTM	FM FM FM FM	Classic Rock Soft Adult Contemporary Hot Adult Contemporary Alternative Rock	Bus, Bulletins, Mall Posters, Rail

(1) Market Rank based on Fall 2003 Radio Market Survey Schedule and Population Rankings as provided by Arbitron Inc.
(2) Sub-market of New York City. RADIO's New York City radio stations serve Nassau-Suffolk.

Outdoor (7%, 7% and 7% of the Company's consolidated revenue in 2003, 2002 and 2001, respectively)

The Company sells, through VIACOM OUTDOOR, advertising space on various media, including billboards, transit shelters, buses, rail systems (in-car, station platform and terminal), mall kiosks and stadium signage. It has outdoor advertising operations in more than 90 markets in North America, including all 50 of the largest metropolitan markets in the U.S., 14 of the 15 largest metropolitan markets in Canada and all of the 45 largest metropolitan markets in Mexico. Additionally, VIACOM OUTDOOR has the exclusive rights to manage advertising space within the London Underground and on more than 90% of the buses in London and the United Kingdom, has the exclusive rights to public transit advertising in the Republic of Ireland and parts of Northern Ireland, and has a variety of outdoor advertising displays in the Netherlands, France, Italy, Spain, Finland and Puerto Rico. Outdoor offers a diverse portfolio of media opportunities in its markets, affording the Company the opportunity to develop a targeted outdoor advertising program for multinational, national, regional and local advertisers. The Radio Stations and Outdoor Advertising Displays table above includes information with regard to the Company's outdoor advertising properties in the top 25 U.S. radio markets.

The substantial majority of VIACOM OUTDOOR's revenues are generated from the sale of local, regional and national advertising. Advertising rates are based on supply and demand for the particular locations, which are influenced by a particular display's exposure, or number of "impressions" delivered in relation to the demographics of the particular market and its location within that market. Nielsen Media Research and Arbitron Inc. are testing the market for measuring these impressions. The Company cannot predict the impact, if any, on the Outdoor business should measuring impressions become widespread. The outdoor advertising business is characterized as out-of-home because virtually all viewing of outdoor advertising takes place in automobiles, transit systems, on the street and other locations outside the consumer's home. The major categories of out-of-home advertisers include: automotive, retail, healthcare, telecommunications, fast food, beverage, media, entertainment and services. Revenue fluctuations are common in the out-of-home media industry and are primarily the result of fluctuations in advertising expenditures by retailers and the entertainment industry.

VIACOM OUTDOOR generally operates in the billboard, transit and street furniture advertising markets. Billboards consist of various sized panels or faces on which advertising copy is displayed. VIACOM OUTDOOR primarily operates two types of billboard advertising displays, commonly referred to as "bulletins" and "posters." Bulletin space is generally sold as individually selected displays for the duration of the advertising contract, but may also be sold as part of a rotary plan, where advertising copy is periodically rotated from one location to another within a particular market. Poster space is typically sold in packages called showings, which comprise a given number of displays in a market area. Bulletin space and poster space are generally sold for periods ranging from 30 days to 12 months. Billboards are generally

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mounted on structures owned or leased by VIACOM OUTDOOR. Lease agreements are negotiated with both public and private landowners for varying terms ranging from month-to-month to year-to-year and can be for terms of 10 years or longer, and many provide for renewal options. There is no significant concentration of displays under any one lease or subject to negotiation with any one landlord.

Transit advertising includes advertising on or in transit systems, including the interiors and exteriors of buses, trains, trams and advertising at rail stations. Transit advertising contracts are negotiated with public transit authorities and private transit operators and generally provide for payment to the transit authority of a percentage of the revenues, a fixed payment, or the greater of a percentage of the revenues or a fixed payment. In some cases, the minimum amount required to be paid to a transit authority exceeds, or is a high percentage of, the advertising revenues received by Outdoor under that advertising contract.

Street furniture displays, the most common of which are bus shelters, reach both vehicular and pedestrian audiences. Bus shelters are usually constructed, installed and maintained by VIACOM OUTDOOR. Most of Outdoor's bus shelter contracts include revenue-sharing arrangements with a municipality or transit

authority and often include minimum required payments. Street furniture contracts usually involve a competitive bidding process and contracts typically are for a term of between 10 to 20 years. Contracts are awarded on the basis of projected revenues to the municipality, including minimum payments, and VIACOM OUTDOOR's willingness to construct public facilities, such as bus shelters, public toilets and information kiosks. In both its transit and street furniture negotiations, Outdoor seeks to reduce minimum payment obligations on new agreements and on renewal of existing agreements. This position may make it more difficult to enter into new agreements or to renew certain existing agreements.

VIACOM OUTDOOR's business strategy involves expanding its presence in major selected markets to compete with all advertising media, including radio, television, newspaper, direct mail, cable, yellow pages and the Internet. Outdoor seeks to grow its revenues and cash flow by being a leading provider of outdoor advertising services in the markets it serves, controlling costs and developing and entering into new markets. In addition to acquiring outdoor advertising assets in new markets, the Company purchases outdoor advertising assets within its existing markets or in contiguous markets. During 2003, VIACOM OUTDOOR acquired new properties and entered into new markets and ventures, including the acquisition of an outdoor advertising company operating in Puerto Rico and two new ventures with another large outdoor company involving street furniture franchises with the cities of Los Angeles, California and Vancouver, British Columbia. The Company believes that there will be continuing opportunities for implementing its acquisition and development strategies given the outdoor advertising industry's fragmentation. This is particularly true in the international markets, where VIACOM OUTDOOR's presence offers opportunities to increase profitability both from existing operations and from future acquisitions.

Entertainment (15%, 15% and 16% of the Company's consolidated revenues in 2003, 2002 and 2001, respectively)

The Entertainment segment's principal businesses are PARAMOUNT PICTURES, which produces and distributes theatrical motion pictures; SIMON & SCHUSTER, which publishes and distributes consumer books; PARAMOUNT PARKS, which is principally engaged in the ownership and operation of five regional theme parks and a themed attraction in the U.S. and Canada; FAMOUS PLAYERS™, which operates movie theaters in Canada; and FAMOUS MUSIC®.

Theatrical Motion Pictures. Through PARAMOUNT PICTURES, the Company produces, finances and distributes feature motion pictures. Each picture is a separate and distinct product with its financial success dependent upon many factors, among which cost and public response are of fundamental importance. In general, motion pictures produced or acquired for distribution by PARAMOUNT PICTURES are exhibited in U.S. and foreign theaters followed by DVDs and videocassettes, pay-per-view television, premium subscription television, network television and basic cable and syndicated television exploitation. During 2003, PARAMOUNT PICTURES produced, co-produced or acquired, and theatrically released, 14 feature motion pictures in the U.S., including HOW TO LOSE A GUY IN TEN

DAYS, THE ITALIAN JOB and SCHOOL OF ROCK; RUGRATS GO WILD!, produced by Nickelodeon Movies; and THE FIGHTING TEMPTATIONS and TUPAC: RESURRECTION, which were produced by MTV Films. PARAMOUNT PICTURES currently plans to release approximately 17 films in 2004 (which release plans may change due to a variety of factors), including THE STEPFORD WIVES, THE MANCHURIAN CANDIDATE and LEMONY SNICKET'S A SERIES OF UNFORTUNATE EVENTS, produced by Nickelodeon Movies.

PARAMOUNT CLASSICS®, a division of PARAMOUNT PICTURES, released seven films in 2003 including BETTER LUCK TOMORROW, which was an MTV Films presentation, MAN ON A TRAIN and NORTHFORK. PARAMOUNT CLASSICS was established to handle the distribution of specialized film product. PARAMOUNT CLASSICS currently plans to release approximately eight titles in 2004 (which release plans may change due to a variety of factors).

In seeking to limit PARAMOUNT PICTURES' financial exposure, the Company has pursued a strategy of entering into agreements to share the financing of certain films with other parties. The parties to these arrangements include studio and non-studio entities, both domestic and foreign. In various of these arrangements, other parties control certain distribution and/or other ownership rights.

PARAMOUNT PICTURES generally distributes its motion pictures for theatrical release outside the U.S. and Canada through United International Pictures ("UIP"), a company owned by the Company and an affiliate of Universal Studios, Inc. ("Universal"). Pursuant to an agreement, UIP will continue to distribute each studio's films through 2006. PARAMOUNT PICTURES distributes its motion pictures on DVDs and videocassettes in the U.S. and Canada through PARAMOUNT HOME ENTERTAINMENT™ and outside the U.S. and Canada, generally through PARAMOUNT HOME ENTERTAINMENT INTERNATIONAL. PARAMOUNT PICTURES' feature films initially theatrically released in the U.S. on or after January 1, 1998 are exhibited exclusively (to U.S. premium subscription television) on SHOWTIME and THE MOVIE CHANNEL. PARAMOUNT PICTURES also distributes its motion pictures for premium subscription, free and basic cable television release outside the U.S. and licenses its motion pictures to residential and hotel/motel pay-per-view, airlines, schools and universities.

License fees for exhibition on broadcast and/or basic cable television are generally collected in installments. License fees for television exhibition (including international and U.S. premium television and basic cable television) are recorded as revenue in the year that licensed films are available for such exhibition, which, among other reasons, may cause substantial fluctuation in PARAMOUNT PICTURES' operating results. At December 31, 2003 and December 31, 2002, the unrecognized revenues attributable to such licensing of completed films from PARAMOUNT PICTURES' license agreements were approximately \$1.2 billion and \$1.3 billion, respectively, including intercompany revenues of \$281.1 million and \$303.7 million, respectively. At December 31, 2003, PARAMOUNT PICTURES had approximately 1,100 motion pictures in its library. The Company also has a library of additional motion picture titles, most of which comprise the SPELLING ENTERTAINMENT™ library.

Publishing. SIMON & SCHUSTER publishes and distributes adult and children's consumer books in the U.S. and internationally. SIMON & SCHUSTER's major adult imprints include SIMON & SCHUSTER, POCKET BOOKS and SCRIBNER. SIMON & SCHUSTER's major children's imprints include SIMON SPOTLIGHT, ALADDIN PAPERBACKS and SIMON & SCHUSTER BOOKS FOR YOUNG READERS. SIMON & SCHUSTER also develops special imprints and publishes titles based on MTVN, PARAMOUNT PICTURES and SHOWTIME products as well as that of third parties and distributes products for other publishers. SIMON & SCHUSTER distributes its products directly and through third parties. SIMON & SCHUSTER also delivers content and promotes its products on Internet sites operated by various imprints or linked to individual titles.

In 2003, SIMON & SCHUSTER published 102 titles that were New York Times bestsellers, including 13 New York Times number one bestsellers. Best-selling titles released by its Adult Publishing Group in 2003 include "THE ULTIMATE WEIGHT SOLUTION" by Dr. Phil McGraw, "LIVING HISTORY" by Hillary Rodham Clinton and "THE DARK TOWER V: WOLVES OF THE CALLA" by Stephen King.

Best-selling titles published by the Children's Publishing Division include Robert Sabuda's pop-up adaptation of "ALICE'S ADVENTURES IN WONDERLAND," "GOODNIGHT SWEET BUTTERFLIES" by Dawn Bentley, "OLIVIA AND THE MISSING TOY" by Ian Falconer, and several series featuring characters from popular NICKELODEON programs. SIMON & SCHUSTER ONLINE™, through SimonSays.com, publishes original content, builds reader communities and promotes and sells SIMON & SCHUSTER's books over the Internet.

International publishing includes the international distribution of English-language titles through SIMON & SCHUSTER UK™, SIMON & SCHUSTER CANADA and SIMON & SCHUSTER AUSTRALIA™ and other distributors, as well as the publication of local titles by SIMON & SCHUSTER UK and SIMON & SCHUSTER AUSTRALIA.

The consumer publishing marketplace is subject to increased periods of demand in the summer months and during the end-of-year holiday season. Major new title releases represent a significant portion of SIMON & SCHUSTER's sales throughout the year. SIMON & SCHUSTER's top 10 accounts drive a significant portion of its annual revenue. Consumer books are generally sold on a fully returnable basis, resulting in the return of unsold books. In the domestic and international markets, the Company is subject to global trends and local economic conditions.

Parks. PARAMOUNT PARKS owns and operates five regional theme parks and a themed attraction in the U.S. and Canada: Paramount's CAROWINDS®, in Charlotte, North Carolina, PARAMOUNT'S GREAT AMERICA™, in Santa Clara, California, Paramount's KINGS DOMINION™, located near Richmond, Virginia, Paramount's KINGS ISLAND™, located near Cincinnati, Ohio, Paramount CANADA'S WONDERLAND®, located near Toronto, Ontario, and the themed attraction, STAR TREK: THE EXPERIENCE®, at the Las Vegas Hilton, a futuristic, interactive environment based on the popular television and movie series. Each of the theme parks features attractions, products and live shows based on various intellectual properties of the Company. In addition, PARAMOUNT PARKS manages and operates Terra Mítica, a theme park located in the province of Valencia in Benidorm, Spain, and Bonfante Gardens, a family-oriented garden theme park in Gilroy, California.

A substantial amount of PARAMOUNT PARKS' income is generated during its seasonal operating period. Factors such as local economic conditions, competitors and their actions, and weather conditions during the operating season may impact the business' performance.

Theatrical Exhibition. The Company's movie theater operations include FAMOUS PLAYERS in Canada. At December 31, 2003, FAMOUS PLAYERS operated approximately 798 screens in 83 theaters across Canada. UNITED CINEMAS INTERNATIONAL, a 50%-owned joint venture of entities affiliated with the Company and Universal, operated as of December 31, 2003 approximately 1,137 screens in 119 theaters in the U.K., Ireland, Germany, Austria, Spain, Japan, Italy, Poland, Portugal, Argentina, Brazil and Taiwan. The Company also owns a 50% interest in two entities which operate approximately 123 screens in 21 theaters under the name MANN THEATRES, the substantial majority of which are located in California.

Music Publishing. The FAMOUS MUSIC publishing companies own, control and/or administer all or a portion of the copyrights to more than 125,000 musical works (songs, scores, cues). These rights include the right to license and exploit such works, as well as the right to collect income generated by such licensing and exploitation and are principally derived from (i) agreements entered into by PARAMOUNT PICTURES, PARAMOUNT TELEVISION, SPELLING TELEVISION, MTVN and various other divisions of the Company respecting certain motion pictures, television programs and other properties produced by such units and (ii) agreements entered into directly by FAMOUS MUSIC with songwriters and music publishers, including exclusive songwriting agreements, music administration agreements and catalog purchases.

Video (22%, 23% and 22% of the Company's consolidated revenues in 2003, 2002 and 2001, respectively)

The Company operates in the retail home video business, which includes both the rental and sale of movies on DVD and VHS as well as the rental and sale of video games, through its approximately 81.5% equity interest in Blockbuster Inc. As of December 31, 2003, BLOCKBUSTER operated 7,105 stores and its franchisees operated 1,762 stores in the United States, its territories and 27 other countries. BLOCKBUSTER stores operate primarily under the highly recognized BLOCKBUSTER brand name. BLOCKBUSTER also operates a Web site, www.blockbuster.com. During 2003, BLOCKBUSTER'S primary focus for its Web site continued to be to support its stores and drive store revenues through promotional offers. During 2004, however, BLOCKBUSTER plans to launch an online rental subscription service to complement its store-based subscription programs.

During 2003, BLOCKBUSTER focused on growing its retail business, improving profitability and implementing initiatives that it believed would be beneficial to BLOCKBUSTER's future business. During 2003, the home video rental market slowed as a result of various factors, including increased competition from retail DVD sales and other home video distribution channels. However, retail demand for DVDs and games continued to increase and BLOCKBUSTER capitalized on the consumer traffic generated by its rental business, as well as its expansive store base, to further enhance its position in the retail market and increase revenues.

BLOCKBUSTER's strategy to continue to enhance its position in the retail market and improve profitability for rental and retail resulted in record revenues and gross margin for BLOCKBUSTER of 59.6% in 2003 from 57.6% in 2002. This approach, however, had some negative impact on BLOCKBUSTER's same-store-revenues during 2003 due to reductions in advertising and rental product purchases. Overall, BLOCKBUSTER's worldwide same-store revenues decreased 2.2% as a result of decreased worldwide same-store rental revenues, which was partially offset by a 3.7% increase in worldwide same-store merchandise sales.

A competitive advantage that the U.S. retail home video industry, including BLOCKBUSTER, currently enjoys over most other movie distribution channels, except theatrical release, is the early timing of its "distribution window." Studios release their movies to different distribution channels at different points in time. The first distribution channel after theatrical release is home video (rental and retail) on DVD and VHS. This distribution window is typically exclusive against most other forms of non-theatrical movie distribution, such as pay-per-view, video-on-demand, premium television, basic cable and network and syndicated television. The length of this exclusive distribution window for home video retailers varies, but has typically ranged from about 45 to 60 days for domestic video retailers. Thereafter, movies are made sequentially available to television distribution channels. Although the distribution window is a significant advantage to the U.S. retail home video industry in general, its advantage to traditional home video retailers like BLOCKBUSTER has been diminished due to DVDs being offered at lower retail prices during the distribution window, which has resulted in significant competition from mass merchant retailers as movies are released for rental and sale at the same time.

During 2003, BLOCKBUSTER purchased approximately half of its movie rental inventory for its U.S. company-operated stores directly from the studios on a title-by-title basis through purchase orders, with the remainder of the product being purchased through various "revenue-sharing" arrangements. Revenue-sharing arrangements for movie rental inventory require BLOCKBUSTER to share an agreed upon percentage of its rental revenues with a studio for a limited period of time. Revenue-sharing arrangements also generally provide for a low initial payment for product, with the remainder of revenue-sharing product payments becoming due as rental revenues are earned. In addition to the revenue-sharing component, each arrangement also provides for the method of disposition of the product at the conclusion of the rental period. Revenue-sharing arrangements for game rental software are generally negotiated on a title-by-title basis, but are otherwise similar to BLOCKBUSTER's movie arrangements.

Currently, substantially all DVD titles are released at a price to the home video retailer that is low enough to allow for an affordable sales price by the retailer to the consumer from the beginning of the retail home video distribution window. This lower initial pricing is commonly referred to as "sell-through" pricing. As the home video market has shifted towards the sell-through priced DVD format, the significance to BLOCKBUSTER of revenue-sharing arrangements has declined, as the lower sell-through pricing for DVD product has enabled BLOCKBUSTER to acquire significant quantities of product with or without revenue-sharing. However, during 2003, BLOCKBUSTER increased its use of revenue-sharing arrangements for DVD product as an important part of its focus on increasing rental margins by allowing BLOCKBUSTER the flexibility to increase its copy depth, while providing the ability to maintain a favorable level of movie rental gross margin. Based on market conditions, however, the studios and BLOCKBUSTER may decide to reduce or discontinue use of revenue-sharing arrangements in the future.

During 2004, initiatives at BLOCKBUSTER include the expansion of its rental subscription programs, continued development of its games store-in-store concepts and implementation of its movie and games trading model. To implement these initiatives, additional resources will need to be invested into the business during 2004. BLOCKBUSTER is expecting only moderate increases in total revenues for 2004 due to continued softness in the rental industry and that short-term profits will be negatively impacted by the incremental operating expense investments for its growth initiatives.

In BLOCKBUSTER's international markets, slightly more than half of its rental inventory is purchased on a title-by-title basis through purchase orders directly from the studios or through sub-wholesalers appointed by the studios to distribute the studios' product in particular countries. The remainder of BLOCKBUSTER's international rental product is purchased under revenue-sharing arrangements similar to those discussed above. BLOCKBUSTER's purchasing arrangements vary by country depending on factors such as the availability of the rental window and revenue-sharing terms. Under the laws of some countries and trading blocs (*e.g.*, the European Union), the right to rent a home video is obtained through a licensing arrangement or a "purchase-with-the-right-to-rent" arrangement, and studios may charge home video retailers more for VHS and DVD product purchased by such retailers for rental than product purchased just for retail sale. This is commonly referred to as "two-tiered pricing," and it affects BLOCKBUSTER's international business, especially in the U.K., Ireland, Italy and Spain.

BLOCKBUSTER receives substantially all of its domestic movies and games at its distribution center located near Dallas, Texas and distributes them directly to its stores using a network of third-party delivery agents. BLOCKBUSTER's franchisees generally obtain their products directly from their suppliers, except for some accessories and supplies and movies for which BLOCKBUSTER has exclusive distribution rights, which domestic franchisees receive from BLOCKBUSTER's distribution center.

There is a distinct seasonal pattern to BLOCKBUSTER's home video and video games business, with particularly weaker business in April and May, due in part to improved weather and Daylight Saving Time, and in September and October, due in part to the start of school and the introduction of new television programs. In contrast, the holiday season in November and December remains one of the strongest periods for the home video and video game business. However, this period could be negatively affected by consumers purchasing DVDs during the holiday season.

COMPETITION

The Company competes with many different types of entities and media in various markets. Its business segments generally compete with similar businesses of other diversified international entertainment companies such as Time Warner, News Corporation, Sony Corporation, Clear Channel Communications, The Walt Disney Company and Vivendi Universal.

Cable Networks

MTV Networks. MTVN competes for advertising revenue with other basic cable and broadcast television networks, radio, online and print media. For basic cable television networks such as the MTVN services, advertising revenues derived by each program service depend on the number of households

subscribing to the service through local cable operators and other distributors, in addition to household and demographic viewership as determined by research companies such as Nielsen Media Research. MTVN services compete with other cable services and broadcast television for the acquisition of popular programming. MTVN's strategy is generally to differentiate its services to provide advertising buyers with an efficient way to reach viewers in particular demographic categories. For example, NICKELODEON generally provides advertisers with an efficient way to reach viewers 2 to 11 years old. Programming blocks for children are currently exhibited on a number of U.S. broadcast television networks, including, among others, "Fox Kids," "Kids' WB" and a Saturday morning block on ABC, all of which compete with NICKELODEON for advertising revenue. In addition to the foregoing, there are also a number of other U.S. cable television program services specifically providing children- oriented programming, including the Cartoon Network, the Disney Channel and the ABC Family Channel. In addition to the competition referred to above, NICKELODEON competes internationally with other television program services and blocks targeted at children for distribution by cable, DTH and other systems, and for distribution license fees and advertising revenue. In the U.S., NICKELODEON is a significant seller of advertising oriented toward this demographic.

MTVN services also compete with other program services for channel space and compensation for carriage from cable television operators, DTH and other multichannel distributors. In general, the principal focus of competition for distribution comes with respect to MTVN's services that are not already distributed within a particular cable or DTH system. For such program services, distributors select services based on various considerations, including amounts paid by programmers for launches, subscription fees payable by distributors, and appeal to the distributors' subscribers, among others.

Certain major record companies operate music-based program services outside the U.S., including, but not limited to Channel V, which is wholly-owned and operated in Asia and Australia by Star TV, and Viva and Viva 2, German-language music channels distributed in Germany and owned in large part by four major

record labels. These music-based program services, as well as general entertainment and other program services, compete with MTVN's program services for distribution by cable, DTH and other systems, and for distribution license fees and advertising revenues.

BET: Black Entertainment Television. BET properties generally face competition for advertising revenue from other African-American-targeted media, including other cable networks that target BET's African-American audience, African-American-oriented radio stations, magazines such as *Ebony*, *Black Enterprise*, *Jet* and *Essence*, and black-oriented television. In addition, the BET CABLE NETWORK, BET JAZZ, BET GOSPEL and BET HIP HOP compete with other cable programming services for available channel space and for subscriber fees from cable, DTH and other distributors. Consolidation among distributors has increased the intensity of this competition. The BET CABLE NETWORK and BET JAZZ also compete for advertising revenue with other national cable programming services, broadcast networks, local over-the-air television stations, broadcast radio and print media. In addition, BET EVENT PRODUCTIONS competes with other event production companies for events, venues, musical artists and sponsorship and advertising revenue. BET BOOKS competes with other publishers generally, and particularly with those publishers that target its specific audience.

For 2003, according to the Nielsen Media Research report (December 31, 2002-December 28, 2003), the Company's basic cable networks had the following percentage shares in the total day basic cable networks category: approximately 37.4% (for viewers ages 2-24), 32.8% (for viewers ages 2-34), 28.9% (for viewers ages 12-34), and 20.9% (for viewers ages 18-49).

Showtime Networks Inc. Competition among premium subscription television program services in the U.S. is primarily dependent on: (i) the acquisition and packaging of an adequate number of recently released theatrical motion pictures and the production, acquisition and packaging of original motion pictures, original series and other original programs; and (ii) the offering of prices, marketing and advertising support and other incentives to cable, DTH and other distributors for carriage so as to favorably position and package SNI's premium subscription television program services to subscribers.

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Home Box Office, Inc. is the dominant company in the U.S. premium subscription television category, offering two premium subscription television program services, HBO and Cinemax. SNI competes with Home Box Office, Inc. but has a significantly smaller share of the premium subscription television category. Starz Encore Group L.L.C. owns Starz!, another premium subscription television program service, which features recently released theatrical motion pictures and competes with SNI's and Home Box Office, Inc.'s premium program services.

Companies that are vertically integrated (and accordingly, own both cable programming networks and multichannel video program distributors, such as Time Warner, Comcast Corporation and News Corporation, among others) may put the Company in a competitively disadvantaged position with respect to distributing the Company's cable networks, particularly regarding subscriber fees, channel placement or availability and marketing and promotional activities, which can have an adverse impact on revenues. These companies can use their distribution platforms to immediately establish market presence for their own programming. In addition, consolidation among distributors has increased the intensity of competition among program suppliers for carriage at favorable rates, terms and conditions.

Television

The television broadcast environment is highly competitive. The principal methods of competition in broadcast television are the development and acquisition of popular programming and the development of audience interest through programming and promotion, in order to sell advertising at profitable rates. Broadcast networks like CBS and UPN compete for audience, advertising revenues and programming with other broadcast networks such as ABC, FOX, NBC and WB, independent television stations, basic cable program services as well as other media, including DTH television services, videocassettes, DVDs, print and the Internet. In addition, the CBS and UPN television networks compete with the other broadcast networks to secure affiliations with independently owned television stations in markets across the country, which are necessary to ensure the effective distribution of network programming to a nationwide audience. According to Nielsen Media Research, for the broadcast television primetime daypart for the period September 22, 2003 to February 29, 2004, the CBS television network secured the #1 position for total viewers and for key adult viewers ages 25-54.

Television stations compete for programming, audiences and advertising revenues with other stations in their respective coverage areas and, in some cases, with respect to programming, with other station groups, and, in the case of advertising revenues, with other local and national media. The owned and operated television stations' competitive position is largely influenced by (i) the strength of the CBS and UPN television networks and, in particular, with respect to those that are CBS affiliated television stations, the viewership of the CBS television network in the time period immediately prior to the late evening news; (ii) the quality of the syndicated programs and local news programs in time periods not programmed by the network; and (iii) in some cases, by the quality of the broadcast signal.

Because an extended conversion to digital television broadcasting has begun, current and future technological developments may affect competition within the television marketplace. Television broadcasters will continue to operate their current analog stations while gradually building and operating digital facilities concurrently on separate channels. In the U.S., the transition period from analog to digital transmission is conditionally set to end in the year 2006, at which time, subject to the extensions that the FCC is permitted by statute to grant upon the request of any television station if certain levels of digital television penetration have not been met in that station's market, current rules would require broadcasters to return one of their two channels, allowing that spectrum to be recovered for other uses (see "Viacom Business Segments-Regulation-Broadcasting").

As a producer and distributor of programming, the Company competes with studios, television production groups, and independent producers and syndicators such as Disney, NBC, Sony, Universal and Warner Bros. to sell programming both domestically and overseas.

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Radio

The Company's radio stations compete for audience, advertising revenues and programming directly with other radio stations such as those licensed to and operated by ABC Radio, Cox Radio, Emmis Communications, Entercom, Radio One and Clear Channel Communications, as well as with other media, such as broadcast television, newspapers, magazines, cable television and DTH, the Internet and direct mail, within their respective markets. The growth of Internet radio could result in increased competition.

The radio industry is also subject to competition from two satellite-delivered audio programming services, Sirius and XM Satellite Radio, each providing over 100 channels of pay digital audio services. While these services primarily rely on subscription revenues, advertising time is currently being sold by XM Satellite Radio on some of its channels and no regulation prohibits Sirius from adding advertising as well. XM and Sirius may also compete with the radio industry for programming.

Some of the other media that compete with the Company's radio stations transmit digital signals which are of higher quality than the Company's radio stations' analog signals. Unlike broadcast television, the broadcast radio industry has just begun the process of converting from analog to digital transmissions. In 2002, the FCC authorized FM radio stations on a full-time basis and AM stations on a daytime only basis to broadcast digital signals using excess spectrum in the same channel used for analog transmissions. The Company has tested the digital technology authorized by the FCC and some of its radio stations were broadcasting both analog and digital signals at the end of 2003. The Company has an ownership interest in iBiquity Digital Corporation, which developed the digital technology that the FCC has authorized. It is too early to predict what effect the conversion to digital will have on the Company's radio business or on competition generally.

Radio's aggregate spot advertising sales revenues for its radio stations for 2003 in each of the top five U.S. markets by metro area population were ranked either #1 or #2, according to the 2003 Market Total Spot Performance Summary of Miller, Kaplan, Arase & Co., LLP (for the New York, Los Angeles, Chicago, San Francisco and Dallas-Fort Worth markets).

Outdoor

The Company's outdoor advertising business competes for advertising space and revenue with other companies involved in outdoor advertising such as Lamar Advertising and Clear Channel Communications as well as other media, including broadcast and cable television, radio, print media, the Internet and direct mail marketers, within their respective markets. In addition, it competes with a wide variety of out-of-home media, including advertising in shopping centers, malls, airports, stadiums, movie theaters and supermarkets, as well as on taxis, trains and buses. Advertisers compare relative costs of available media and cost-per-thousand impressions, particularly when delivering a message to customers with distinct demographic characteristics. In competing with other media, the outdoor advertising industry relies on its relative cost efficiency and its ability to reach a broad segment in a specific market or to target a particular geographic area or population with a particular demographic within that market. New technologies for outdoor advertising displays, such as animated billboards, continue to develop. The Company keeps apprised of new technologies and endeavors to remain competitive in this regard. If these new technologies prove desirable to VIACOM OUTDOOR's customers, the Company's costs could increase.

The outdoor advertising industry is fragmented, consisting of several large companies involved in outdoor advertising and media with operations in multiple markets, as well as hundreds of smaller and local companies operating a limited number of structures in single or a few local markets. The Company believes that its strong emphasis in sales and customer service and its position as a leading provider of advertising services in each of its primary markets as well as its nationwide inventory enables it to compete effectively with the other outdoor advertising companies, as well as other media, within those markets.

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Entertainment

Theatrical Motion Pictures. The Company competes with other major studios such as Disney, Dreamworks, Fox, MGM, Sony, Universal and Warner Bros. and independent film producers in the production and distribution of motion pictures, DVDs and videocassettes. PARAMOUNT PICTURES' competitive position primarily depends on the quality of the product produced, its distribution and marketing success, and public response. The Company also competes to obtain creative talent and story properties which are essential to the success of all of the Company's entertainment businesses.

Publishing. The consumer publishing business is highly competitive and has been affected over the years by consolidation trends. Significant mergers have occurred among the leading consumer publishers. The book superstore remains a significant factor in the industry contributing to the general trend toward consolidation in the retail channel. There have also been a number of mergers completed in the distribution channel. The Company must compete with other larger publishers such as Random House, Penguin Group and Harper Collins for the rights to works by well-known authors and public personalities.

Parks. The Company competes with other highly-capitalized, multi-park entertainment corporations. In order to compete effectively, the Company must differentiate its products through its access to entertainment intellectual property and brands and by investing capital to attract repeat customers. The Company believes that its intellectual properties enhance existing attractions and facilitate the development of new attractions, which encourage visitors to the PARAMOUNT PARKS theme parks. The Company's theme parks also compete with other forms of leisure entertainment.

Video

BLOCKBUSTER operates in a highly competitive environment. The Company believes that BLOCKBUSTER's most significant competition comes from (i) video stores and other retailers that rent, sell or trade movies and games, (ii) providers of direct delivery home viewing entertainment, and (iii) piracy.

Video stores and other retailers that rent, sell or trade movies and games include, among others, (i) local, regional and national video and games stores; (ii) mass merchant retailers such as Wal-Mart, Best-Buy and Target; (iii) toy and entertainment retailers; (iv) supermarkets, pharmacies and convenience stores; (v) Internet sites, including online movie rental services, such as Netflix; and (vi) illegal competitors such as piracy through Internet sites, stores renting or selling pirated product or flea markets. The Company believes that the principal factors that BLOCKBUSTER faces in competing with video stores and other retailers are (a) pricing; (b) convenience and visibility of store locations; (c) quality, quantity and variety of titles in the desired format; (d) alternative product distribution channels; and (e) customer service.

With the development of new technologies, a competitive risk to BLOCKBUSTER's video store business comes from direct broadcast satellite, digital cable television and high-speed Internet delivery. Direct broadcast satellite, digital cable and "traditional" cable providers not only offer numerous channels of conventional television, but they also offer pay-per-view movies which permit a subscriber to pay a fee to see a selected movie, and other specialized movie services. Because of the increased availability of channels, direct broadcast satellite and digital cable providers have been able to enhance their pay-per-view business by (i) substantially increasing the number and variety of movies they can offer their subscribers on a pay-per-view basis; and (ii) providing more frequent and convenient start times for the most popular movies. Pay-per-view allows the consumer to avoid trips to the video store for rentals and returns of movies, which also eliminates the chance they will incur additional costs for keeping a movie beyond its initial rental term. However, pay-per-view also does not allow the consumer to start, stop and rewind the movie or fully control start times. As a result, most digital cable providers and a limited number of Internet content providers have begun implementing technology referred to as "video-on-demand," which technology transmits movies on demand with interactive

capabilities such as start, stop and rewind. In addition, some cable providers are introducing subscription video-on-demand, which allows consumers to pay a flat fee per month for access to a selection of content with fast forward, stop and rewind capabilities.

BLOCKBUSTER also competes against the illegal duplication and sale of movies and video games. Piracy has had a lesser effect on the video game industry in the U.S., but has hindered the development of the games market in many international markets, particularly in Latin America and Asia. The primary types of piracy affecting the movie industry are theatrical first-run film copies, commercial disc replication and illegal online downloads. Competition from piracy has increased in recent years due to developments in technology, including digital copying and file compression, and the growing penetration of high-bandwidth Internet connections and ease of networking.

REGULATION

The Company's businesses are either subject to or affected by regulations of federal, state and local governmental authorities. The rules, regulations, policies and procedures affecting these businesses are constantly subject to change. The descriptions which follow are summaries and should be read in conjunction with the texts of the statutes, rules and regulations described herein. The descriptions do not purport to describe all present and proposed statutes, rules and regulations affecting the Company's businesses.

Intellectual Property

Laws affecting intellectual property are of significant importance to the Company.

Copyright Law and Content. A revised copyright treaty, ratified by 45 nations, effective March 2002 ("Copyright Treaty"), and the U.S., implementing legislation for the Copyright Treaty, known as the Digital Millennium Copyright Act ("DMCA"), afford important copyright protections for new technologies, including for the digital transmission of content. The DMCA also amends the U.S. Copyright Act (the "Copyright Act") by creating a new statutory license concerning certain rights related to digital transmissions of sound recordings. The statute provides that new statutory rates for each license will be set either through voluntary negotiations between the interested parties or through Copyright Arbitration Royalty Panels.

Copyright Term Extension. In October 1998, Congress passed legislation extending the copyright term an additional 20 years. The extended term is life of the author plus 70 years for authored works and 95 years for works-made-for-hire. This extension puts the U.S. copyright term on par with the European Community. Term extension should have a beneficial effect for the Company over time, including with respect to important publishing properties which otherwise would have passed into the public domain in the next several years. In January 2003, the U.S. Supreme Court upheld the constitutionality of Congress' action in extending the term.

Broadcast Flag. In November 2003, the FCC ordered that devices with television tuners must be able to recognize a Broadcast Flag, effective July 1, 2005. The FCC took this action to prevent the unauthorized redistribution on the Internet of programming digitally broadcast by free-over-the-air broadcasters and to prevent the migration of high value programming from free broadcast to subscription delivery systems. If the Broadcast Flag is recognized, programs cannot, without authorization, be uploaded to the Internet or other digital networks for redistribution. In the absence of government action, program owners would likely be reluctant to license valuable content for broadcast because it could be subject to wholesale redistribution over the Internet, thereby diminishing the value of such content. Content distributed over cable and DTH systems is already protected by those services' conditional access systems.

First Sale Doctrine. The copyright "First Sale" doctrine provides that in the U.S. and many other countries the owner of a legitimate copy of a copyrighted work may use or dispose of it in such manner as the owner sees fit, including by renting it. In the case of sound recordings or computer software (other than software made for a limited purpose computer, such as a video game platform), however, the Copyright Act vests a rental right (i.e., the right to control the rental of the copy) in the copyright holder. The creation of a rental right vested in the copyright holder for audiovisual works or for computer software made for limited purpose computers would have an adverse impact in the U.S. on the Company's home video and game rental business. In August 2001, the U.S. Copyright Office released its study on the First Sale doctrine in the digital age and determined that no changes were warranted. In many countries, the copyright owner retains the rental rights to a copyrighted work. In these countries, the right to rent home video works is obtained through a licensing arrangement or a purchase with the right to rent arrangement.

Domain Name Protections. In 1999, Congress enacted legislation to address the practice of domain name piracy. The legislation is designed to limit the practice of registering a third party's Internet address of an established trademark with the hopes of selling the Internet address to the third party. This legislation, together with the Uniform Domain Name Dispute Resolution Policy, an online arbitration

procedure which provides additional safeguards against such registrations, is particularly important since additional top level domains are continuing to be introduced, which may increase the number of domain name registrations.

Cable Networks

Online Music Royalties. MTVN, on behalf of its Web sites, and BET Interactive, LLC, on behalf of BET.com, currently obtain much of their Web site content from record labels, music publishers and artists. MTVN and BET Interactive also obtain certain rights to some of their Web site content, such as performance rights of song composers and non-interactive rights to digital transmission of recordings, pursuant to statutory compulsory licenses. The royalties payable for such licenses are established periodically by Copyright Arbitration Royalty Panels.

Multicasting. In the digital must-carry proceeding now pending before the FCC, broadcasters are seeking a new rule that would require cable operators to carry all of the multiple program streams that they offer to the public free and over the air. It is technically possible today for a broadcaster to transmit a high definition stream and as many as two other lower-quality standard definition streams or up to a total of six standard definition streams. Each stream could represent a separate program service that conceivably would compete against the Company's channels without any negotiation for carriage with cable operators.

A la Carte/Family Tier. The debate about indecency on broadcast television and radio has led some policymakers to argue that cable operators should either volunteer or be mandated to offer subscribers cable networks on an a la carte basis. A la carte service would mean that subscribers pay for only those channels they choose to receive. Unbundling packages of program services may lead to reduced viewership, affecting a network's ability to attract the same level of advertising dollars. In addition, the decline in subscribers could lead to a loss in cable operators' local advertising revenue.

Broadcasting

General. Television and radio broadcasting are subject to the jurisdiction of the FCC under the Communications Act. The Communications Act prohibits the operation of broadcasting stations except pursuant to licenses issued by the FCC and empowers the FCC, among other actions, to: issue, renew, revoke and modify broadcasting licenses; assign frequency bands; determine stations' frequencies, locations and operating power; regulate some of the equipment used by stations; adopt other regulations to carry out the provisions of the Communications Act and other laws, including requirements affecting the content of broadcasts; impose penalties for violation of such regulations; and impose annual fees as well as fees for processing applications and other administrative functions.

Under the Communications Act, the FCC also regulates certain aspects of the operation of cable and DTH systems and other electronic media that compete with broadcast stations.

Indecency Regulation. The FCC's rules prohibit the broadcast of obscene material at any time and indecent material between the hours of 6 am and 10 pm. Broadcasters risk violating the prohibition on the broadcast of indecent material because of the vagueness of the FCC's definition of indecent material, coupled with the spontaneity of live programming. The FCC has initiated an investigation of the broadcast of the SUPER BOWL half-time show by the Company's CBS broadcast television station affiliates and the CBS TELEVISION NETWORK, and two Congressional committees have recently conducted hearings relating to indecency. Legislation has also been introduced in Congress that would increase the penalties for broadcasting indecent programming, and depending on the number of violations engaged in, would potentially subject broadcasters to license revocation, renewal or qualifications proceedings in the event that they broadcast indecent material. Even before the show's broadcast, however, the FCC had indicated that it was stepping up its enforcement activities as they apply to indecency, and had threatened to initiate license revocation proceedings against broadcast licensees for future "serious indecency violations." The FCC had also previously initiated enforcement proceedings in response to allegations that several of the Company's radio stations have broadcast indecent material. These proceedings are pending and could result in forfeitures being imposed by the FCC or hearings on the Company's qualifications to continue to

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hold licenses. In addition, the Chairman of the FCC, in a response to a recent Congressional inquiry letter, indicated that as part of the FCC's stepped up enforcement efforts, the agency "will give serious consideration to designating for hearing renewal applications of licensees with serious or repeated indecency violations." As a result of these developments, the Company has implemented measures to reduce the risk of broadcasting indecent material in violation of the FCC's rules. Modifications to the Company's programming to reduce the risk of indecency violations could have an adverse effect on the Company's competitive position.

License Renewals. Radio and television broadcast licenses are granted for a term of eight years. The Communications Act requires the FCC to renew a broadcast license if the FCC finds that the station has served the public interest, convenience and necessity and there have been no serious violations by the licensee of either the Communications Act or the FCC's rules and regulations and there have been no other violations by the licensee of the Communications Act or the FCC's rules and regulations that, taken together, constitute a pattern of abuse. The pending investigation and enforcement actions against the Company's radio and television stations, as well as the FCC's more vigorous enforcement of its indecency rules against the broadcasting industry generally, may encourage third parties to oppose the Company's license renewal applications.

License Assignments. The Communications Act requires prior FCC approval for the assignment of a license or transfer of control of an FCC licensee. The pending indecency proceedings may encourage third parties to oppose the Company's applications to the FCC for consent to acquire broadcast stations.

Ownership Regulation. The Communications Act and FCC rules and regulations limit the ability of individuals and entities to have an official position or ownership interest, known as an "attributable" interest, above specific levels in broadcast stations as well as in other specified mass media entities. In seeking FCC approval for the acquisition of a broadcast radio or television station license, the acquiring person or entity must demonstrate that the acquisition complies with the FCC's ownership rules or that a waiver of the rules is in the public interest.

On June 2, 2003, the FCC completed a comprehensive review of all of its broadcast ownership rules (the "Omnibus Ownership Review"), including the local radio ownership rule, the local television ownership rule, the television national audience reach limitation, the dual network rule, the newspaper-broadcast cross-ownership rule and the radio-television cross-ownership rule, and adopted revised rules. Under the new rules, the Company would be permitted to expand its television and radio station holdings in a number of markets. Several parties, however, appealed the FCC's decision, and on September 3, 2003, the United States Court of Appeals for the Third Circuit issued a stay of the effective date of the new rules and ordered that the existing ownership rules would remain in effect pending resolution of the appeals. Some parties to the appeal oppose the FCC's deregulatory actions. Other parties, including the Company, argue for further deregulation. Briefs for all parties have been submitted and the court heard oral arguments on February 11, 2004. A decision is pending.

On January 22, 2004, Congress passed legislation establishing a national television audience reach limitation of 39%. This legislation supersedes the FCC's decision in the Omnibus Ownership Review to raise the limitation to 45%. Other legislation is pending in Congress which, if enacted, may have the effect of rolling back some or all of the other changes effectuated by the FCC in the Omnibus Ownership Review.

The FCC's ownership rules, as currently in effect (the "old" rules), and the new rules, which are currently subject to the court's stay, are briefly summarized below.

Local Radio Ownership. Under both the old and the new local radio ownership rules, the maximum allowable number of radio stations that can be commonly owned in a market varies depending on the number of radio stations within that market, as determined using a method prescribed by the FCC. In the Omnibus Ownership Review, the FCC changed its method of defining local radio markets and counting the number of stations in a particular market, but not the numeric limits. Under both the old and the new rules, one company is permitted to own up to eight radio stations in the largest markets, no more than five of which may be either AM or FM. With a few

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exceptions, both the old and the new rules permit the common ownership of eight radio stations in the top 50 markets where Radio has significant holdings.

As a result of the change in the method used for defining and counting the number of stations in a local radio market, the Company's radio portfolio will exceed the FCC's numeric limit in three markets if the new rule takes effect. While the new rule does not require the divestiture of any existing radio ownership combinations, it would preclude the Company's ability to transfer its radio portfolios in those three markets intact.

Local Television Ownership. The FCC's old local television ownership rule permits parties to own up to two television stations in the same market, referred to as a designated market area ("DMA"), so long as at least one of the two stations is not among the top four-ranked stations in the market based on audience share as of the date an application for approval of an acquisition is filed with the FCC, and at least eight independently owned and operating full-power television stations remain in the market following the acquisition. Further, without regard to numbers of remaining or independently owned TV stations, the old rule permits the ownership of two television stations within the same DMA so long as certain signal contours of the stations involved do not overlap. The new rule eliminates the exception for non-overlapping stations and the requirement for a minimum of eight independently owned and operated stations in a DMA. Under the new rule, one party may own up to three television stations in DMAs with 18 or more television stations and up to two television stations in DMAs with fewer than 18 television stations. The FCC, however, retained the prohibition of ownership of two top four-ranked stations, with limited exceptions.

Television National Audience Reach Limitation. On the national level, the old rule imposes a 35% national audience reach limitation for television ownership, under which one party may not have an "attributable" interest in television stations which reach more than 35% of all U.S. television households. For purposes of calculating the total number of television households in a particular television station's DMA, the FCC attributes UHF television stations with only 50% of the television households in their respective DMAs.

The Company currently owns and operates television stations that have an aggregate television national audience reach for purposes of the national ownership limitation of approximately 39%, after taking the UHF discount into account. In the Omnibus Ownership Review, the FCC raised the television national audience reach limitation to 45%. The legislation adopted by Congress on January 22, 2004, however, establishes a television national audience reach limitation of 39%. The legislation replaces both the 35% limitation under the FCC's old rules and the 45% limitation under the new rules. The legislation gives companies that exceed the 39% limitation two years to come into compliance. The legislation does not require divestitures if the 39% limitation is exceeded due to population growth.

Notwithstanding the legislation establishing the 39% television national audience reach limitation, litigation continues over the UHF 50% discount. In the Omnibus Ownership Review, the FCC stated that the 50% discount for UHF stations would be eliminated for stations owned by the top four broadcast television networks, which includes the CBS TELEVISION NETWORK, as the conversion to digital is completed on a market-by-market basis, which will occur no earlier than 2006 (for further discussion of the timing of the conversion to digital, see "Digital Television Service" below). The Company appealed the FCC's decision to phase out the UHF 50% discount. Other parties, however, appealed the FCC's decision to retain the UHF 50% discount. Congress enacted the new 39% limitation subsequent to the filing of briefs in the appeal. The Company, among others, takes the position that the legislation freezes the UHF 50% discount. In February 2004, the FCC asked for comments on whether the legislation limits the FCC's authority to modify or eliminate the UHF 50% discount. Without the UHF 50% discount, the Company's television stations reach approximately 45% of the national audience. With the discount, the stations' reach is approximately 39%. The Company expects that even if the FCC were to repeal or modify the UHF 50% discount, the FCC would not require it to divest any television stations owned and operated at the time of any modification to the rule, but this issue has not yet been addressed by the FCC, and the possibility

exists that the Company may be required to divest television stations to comply with the 39% national audience reach limitation if the UHF 50% discount is modified or repealed.

Radio-Television Cross-Ownership Rule. The old radio-television cross-ownership rule limits the common ownership of radio and television stations in the same market. The numeric limit varies according to the number of independent media voices in the market.

The Company owns combinations of radio and television stations in the Los Angeles, San Francisco and Baltimore markets in excess of the limit under the old rule. With respect to the Los Angeles and San Francisco markets, the Company has applications pending before the FCC that if granted would bring the Company into compliance with the old rule. The Company has asked the FCC to extend the deadline for divestiture in Baltimore.

The FCC repealed the old radio-television cross-ownership rule in the Omnibus Ownership Review and replaced it, as well as the newspaper-broadcast cross-ownership rule (discussed below), with new cross-media limits (also discussed below). The Company's existing television-radio portfolio, including its radio-television combinations in Los Angeles, San Francisco and Baltimore, complies with the new cross-media limits.

Newspaper-Broadcast Cross-Ownership Rule; New Cross-Media Limits. The FCC's old newspaper-broadcast cross-ownership rule prohibits the common ownership of a daily newspaper and either a radio or television station in the same market. In the Omnibus Ownership Review, the FCC replaced the newspaper-broadcast cross-ownership rule with new cross-media limits. Under the new rule, there are no cross-ownership limits in DMAs with nine or more television stations. In DMAs with between four and eight television stations, radio and television cross-ownership is permitted without any limitation, so long as there is no common ownership of a daily newspaper. The new rule prohibits radio and television station cross-ownership only in markets with three or fewer television stations. The Company's radio and television portfolio complies with the new cross-media limits.

Dual Network Rule. The dual network rule prohibits any of the four major networks, ABC, CBS, FOX and NBC, from combining. The FCC made no change to this rule in the Omnibus Ownership Review.

Attribution of Ownership. Under the FCC's attribution rules, a direct or indirect purchaser of various types of securities of the Company could violate FCC regulations or policies if that purchaser owned or acquired an "attributable" interest in other media properties in a manner prohibited by the FCC. Under the FCC's rules, an "attributable" interest for purposes of the FCC's broadcast ownership rules generally includes: equity and debt interests which combined exceed 33% of a licensee's total assets, if the interest holder supplies more than 15% of the licensee's total weekly programming, or has an attributable same-market media interest, whether television, radio, cable or newspaper; a 5% or greater direct or indirect voting stock interest, including certain interests held in trust, unless the holder is a qualified passive investor in which case the threshold is a 20% or greater voting stock interest; any

equity interest in a limited liability company or a partnership, including a limited partnership, unless properly "insulated" from management activities; and any position as an officer or director of a licensee or of its direct or indirect parent.

The FCC made no changes to the attribution rules in the Omnibus Ownership Review as they relate to ownership interests in the Company. In a separate proceeding, however, the FCC is reviewing its single majority voting shareholder attribution exemption. In January 2001, the FCC eliminated this exemption, which previously had rendered as non-attributable voting interests up to 49% in a licensee controlled by a single majority voting shareholder. Minority interests acquired prior to December 14, 2000 were grandfathered. In December 2001, following a court decision which found the FCC's elimination of the single majority shareholder exemption to be arbitrary and capricious with respect to certain cable ownership rules, the FCC suspended enforcement of the elimination of the single majority shareholder exemption in the broadcast context pending the outcome of a rulemaking in which the FCC is reconsidering this matter.

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Alien Ownership. The Communications Act limits the ability of foreign entities or individuals to own or hold interests in broadcast licenses. As applicable to the Company, non-U.S. citizens, collectively, may directly or indirectly own or vote up to 20% of the capital stock of a corporate licensee. In addition, a broadcast license may not be granted to or held by any corporation that is controlled, directly or indirectly, by any other corporation more than one-fourth of whose capital stock is owned or voted by non-U.S. citizens or their representatives, by foreign governments or their representatives, or by non-U.S. corporations, if the FCC finds that the public interest will be served by the refusal or revocation of such license. The FCC has interpreted this provision of the Communications Act to require an affirmative public interest finding before a broadcast license may be granted to or held by any such corporation, and the FCC has made such affirmative findings only in limited circumstances. The Company periodically surveys its public shareholders to ascertain compliance with this statute.

Digital Television Service. The FCC has taken a number of steps to implement digital television broadcasting service in the U.S. The FCC has adopted a digital television table of allotments that provides all authorized television stations with a second channel on which to broadcast a digital television signal. The FCC has attempted to provide digital television coverage areas that are comparable to stations' existing service areas. The FCC has ruled that television broadcast licensees may use their digital channels for a wide variety of services such as high definition television, multiple channels of standard definition television programming, audio, data, and other types of communications, subject to the requirement that each broadcaster provide at least one free over-the-air video program signal at least comparable in resolution to the station's analog programming transmissions.

The FCC required all commercial television stations to begin broadcasting a digital signal by May 1, 2002. With the exception of its UPN-affiliated stations in Pittsburgh, Oklahoma City and Providence, all of the Company's stations are transmitting digital broadcasts that comply with the FCC's requirements. These three UPN-affiliated stations are not broadcasting a digital signal because the FCC has yet to grant the Company authorization to construct the digital facilities for them.

Since April 1, 2003, commercial digital stations have been required to simulcast at least 50% of the video programming broadcast by the associated analog station. This percentage increases annually until April 1, 2005, when digital stations must simulcast 100% of the associated analog station programming.

The FCC's plan conditionally calls for the digital television transition period to end in the year 2006, at which time current rules would require television broadcasters to cease non-digital broadcasting and return one of their two channels to the government, allowing that spectrum to be recovered for other uses. As provided by statute, however, the FCC is required to extend the end of the transition at the request of individual broadcast licensees on a market-by-market basis if one or more of the four largest network stations or affiliates is not broadcasting in digital, digital-to-analog converter technology is not generally available, or 15% or more television households are not receiving a digital signal. The Company has incurred considerable costs in the conversion to digital television and is unable to predict the extent or timing of consumer demand for digital television services.

Cable and Satellite Carriage of Television Broadcast Stations. Under the 1992 Cable Act and implementing FCC regulations, cable television operators are prohibited from retransmitting the signal of a commercial television station unless the station consents or chooses mandatory carriage. Every three years, each station must elect, with respect to cable systems within its DMA, either "must carry" status, pursuant to which the cable system's carriage of the station is mandatory, or "retransmission consent," pursuant to which the station gives up its right to mandatory carriage in order to seek consideration in return for consenting to carriage. In general, the Company's stations have elected the retransmission consent option for cable carriage for the three-year period that began January 1, 2003. The Company is still in the process of negotiating retransmission consent agreements with some cable operators, but in all cases the cable systems continue to carry the stations' signals.

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The Satellite Home Viewer Improvement Act ("SHVIA") permits DTH carriers such as DirecTV and EchoStar to retransmit a local television station's signal into its local market without copyright liability, subject to the consent of the local broadcaster. It is expected that Congress will reauthorize SHVIA prior to its termination at the end of 2004. Until the end of 2004, the DTH carrier may retransmit distant network signals to certain households unserved by local network affiliates. Since January 1, 2002, DTH carriers have been required to carry the signals of all local television broadcast stations requesting carriage in local markets in which the DTH carrier carries at least one signal under the local-to-local compulsory license. Every three years, each station must elect "must carry" or "retransmission consent" status, in a manner similar to that described above with respect to cable systems. Almost all of the Company's owned and operated television stations are being transmitted into their local markets by the two major DTH carriers, either through retransmission consent agreements or mandatory carriage elections.

The foregoing relates to cable and satellite carriage of analog television broadcast stations. Although a single programming stream transmitted by each digital television station will be required to be carried on both distribution platforms after the end of the digital television transition period, the FCC does not currently require either DTH or cable operators to carry both a station's analog and digital signals during the transition period or, after the conversion to digital, to carry more than a station's primary video programming channel. The Company has digital carriage agreements with a number of cable systems.

Digital Radio. For a number of years, the FCC has been developing rules that would permit existing AM and FM radio broadcast stations to broadcast digitally in order both to improve sound quality and to provide spectrum for enhanced data services to complement the existing programming service and provide new business opportunities for radio broadcasters. In 2002, the FCC authorized FM radio stations (on a full-time basis) and AM radio stations (on a daytime only basis) to broadcast digital signals using excess spectrum in the same channel used for analog transmissions. The FCC is still developing final rules for the conversion of radio stations to digital, has not authorized the use of the technology for nighttime AM radio operations and has not mandated use of the technology or established any timetable or conversion to digital generally.

Outdoor

The outdoor advertising industry is subject to extensive governmental regulation at the federal, state and local levels in the U.S. and to national, regional and local restrictions in foreign countries. These regulations can affect the operation of advertising displays and include restrictions on the construction, repair, upgrading, height, size and location of outdoor advertising structures and, in some instances, content of advertising copy being displayed on these structures. In addition, in recent years, outdoor advertising has become the subject of targeted state and municipal taxes. These laws may affect competitive conditions in various markets in various ways. For example, such laws may reduce the Company's expansion opportunities, or may reduce competitive pressure from others. No assurance can be given that existing or future laws or regulations will not materially and adversely affect the Outdoor business.

Under U.S. law, principally the Highway Beautification Act of 1965 (the "HBA"), outdoor advertising is controlled on primary and interstate highways built with federal financial assistance. As a condition to federal highway assistance, the HBA requires states to restrict billboards on such highways to commercial and industrial areas, and imposes certain additional size, spacing and other requirements associated with the installation and operation of billboards. All states have passed laws and adopted regulations at least as restrictive as the federal requirements, including the obligation on the part of the billboard owner to remove, at the owner's expense and without compensation, any signs on such highways that do not comply with such requirements. Outdoor does not believe that the number of its billboards that may be subject to removal under these regulations is material. No state in which Outdoor operates has banned billboards, but some have adopted standards more restrictive than the federal requirements. Municipal and county governments generally also have sign controls as part of their zoning laws and building codes. Some local

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governments prohibit construction of new billboards and some allow new construction only to replace existing structures, although most allow construction of billboards subject to restrictions on zones, size, spacing, height and type of construction.

U.S. law does not require removal of existing lawful billboards, but it does require payment of compensation if a state or political subdivision compels the removal of a lawful billboard along a primary or interstate highway that was built with federal financial assistance. State governments have purchased and removed legal billboards for beautification in the past using federal funding for transportation enhancement programs, and may do so in the future. State government authorities from time-to-time use the power of eminent domain to remove billboards. Thus far, Outdoor has been able to obtain satisfactory compensation for its billboards purchased or removed as a result of this type of governmental action, although there is no assurance that this will continue to be the case in the future. Local governments do not generally purchase billboards for beautification, but some have attempted to force removal of legal but nonconforming billboards (billboards which conformed with applicable zoning regulations when built but which do not conform to current zoning regulations) after a period of years under a concept called amortization. Under this concept the governmental body asserts that just compensation is earned by continued operation of the billboard over time. Although there is some question as to the legality of amortization under federal and many state laws, amortization has been upheld in some instances. Outdoor generally has been successful in negotiating settlements with municipalities for billboards required to be removed. Restrictive regulations also limit Outdoor's ability to rebuild or replace nonconforming billboards.

As the owner or operator of various real properties and facilities in outdoor advertising operations, the Company must comply with various U.S. federal, state and local and foreign environmental, health, safety and land use laws and regulations. VIACOM OUTDOOR and its properties are subject to such laws and regulations relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances and employee health and safety, as well as zoning and other land use restrictions which may affect, among other things, the hours of operation and illumination as well as methods and conditions of maintenance of facilities and advertising installation. Historically, the Company has not incurred significant expenditures to comply with these laws. However, future laws or a finding of a violation of or liability under existing laws could require the Company to make significant expenditures and otherwise limit or restrict its ability to use or operate some of its displays.

Out-of-court settlements between the major U.S. tobacco companies and all 50 states include a ban on the outdoor advertising of tobacco products. State and local governments continue to initiate proposals designed to limit outdoor advertising of alcohol. Other products and services may be targeted in the future. Legislation regulating tobacco and alcohol-related advertising due to content-related restrictions could cause a reduction in Outdoor's direct revenue from such advertisements and a simultaneous increase in the available space on the existing inventory of billboards in the outdoor advertising industry.

Video

BLOCKBUSTER is subject to various domestic and international laws and regulations affecting its business, including advertising, consumer protection, credit protection, licensing, zoning, land use, construction, health and safety, environmental, and minimum wage and other labor and employment regulations. BLOCKBUSTER must also comply with various domestic and international laws and regulations that govern the access and use of its video stores by disabled people and the disclosure and retention of customer records, including laws pertaining to the use of BLOCKBUSTER's customer transaction database and restricting data flow across international borders.

BLOCKBUSTER is also subject to the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" and state laws and regulations that govern (i) the offer and sale of franchises and (ii) franchise

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relationships. These regulations require BLOCKBUSTER to furnish each prospective franchisee with a current franchise offering circular prior to the offer or sale of a franchise. In addition, a number of states require that BLOCKBUSTER comply with that state's registration or filing requirements prior to offering or selling a franchise in the state and provide a prospective franchisee with a current franchise offering circular complying with the state's laws, prior to the offer or sale of the franchise. BLOCKBUSTER intends to maintain a franchise offering circular that complies with all applicable federal and state franchise sales and other applicable laws.

BLOCKBUSTER is also subject to a number of domestic and international laws and regulations that regulate some substantive aspects of the franchisor-franchisee relationship, including (i) those governing the termination or non-renewal of a franchise agreement; (ii) requirements that the franchisor deal with its franchisees in good faith; (iii) prohibitions against interference with the right of free association among franchisees; and (iv) those regulating discrimination

among franchisees in charges, royalties or fees. In addition, BLOCKBUSTER is subject to U.S., state and local and international regulation governing trading activities which could delay its ability to implement trading initiatives.

Compliance with franchise laws is costly and time-consuming, and no assurance can be given that BLOCKBUSTER will not encounter difficulties or delays in this area or that it will not require significant capital for franchising activities.

INTELLECTUAL PROPERTY

It is the Company's practice to protect its theatrical and television product, software, publications and its other original and acquired works. The following logos and trademarks and related trademark families are among those strongly identified with the product lines they represent and are significant assets of the Company: VIACOM®, BLOCKBUSTER®, CBS®, CBS ENTERTAINMENT™, CBS NEWS™, CBS SPORTS™, UPN®, INFINITY RADIO®, VIACOM OUTDOOR™, BET®, COMEDY CENTRAL®, CMT®: COUNTRY MUSIC TELEVISION™, MTV MUSIC TELEVISION®, mtv U™, NICK AT NITE®, NICKELODEON®, SPIKE TV™, TV LAND®, VH1®, PARAMOUNT®, PARAMOUNT PICTURES®, FAMOUS MUSIC®, SPELLING TELEVISION®, BIG TICKET TELEVISION®, VIACOM PRODUCTIONS®, KING WORLD®, PARAMOUNT PARKS®, ENTERTAINMENT TONIGHT®, STAR TREK®, SHOWTIME®, THE MOVIE CHANNEL™, FLIX®, SIMON & SCHUSTER® and POCKET BOOKS®.

EMPLOYEES AND LABOR MATTERS

At December 31, 2003, the Company employed approximately 117,750 people including full-time and part-time salaried employees.

FINANCIAL INFORMATION ABOUT SEGMENTS AND FOREIGN AND DOMESTIC OPERATIONS

Financial and other information by segment and relating to foreign and domestic operations for each of the last three years ending December 31 is set forth in Note 14 to the Consolidated Financial Statements.

AVAILABLE INFORMATION

Viacom Inc.'s Web site address is www.viacom.com. Viacom Inc. makes available free of charge on or through the Shareholder Info section of its Web site its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Such material is made available through the Company's Web site as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This document and the documents incorporated by reference into this Annual Report on Form 10-K, including "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition," contain both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. These forward-looking statements generally can be identified by the use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will" or other similar words or phrases. Similarly, statements that describe the Company's objectives, plans or goals are or may be forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements. More information about these risks, uncertainties and other factors is set forth on pages II-32 to II-35 of "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition." There may be additional risks, uncertainties and factors that the Company does not currently view as material or that are not necessarily known. The forward-looking statements included in this document are only made as of the date of this document and the Company does not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances. The Company cannot make any assurance that projected results or events will be achieved.

Item 2. *Properties.*

The Company maintains its world headquarters at 1515 Broadway, New York, New York, where it rents approximately 1.2 million square feet for executive offices and certain of its operating divisions. The lease for the majority of the space runs to 2010, with four renewal options for five years each thereafter. The Company also leases the following major facilities in New York City for certain of its operating divisions: (a) approximately 548,000 square feet of office space at 1633 Broadway, New York, New York, which lease runs to 2010, and (b) approximately 237,000 square feet of office space at 1230 Avenue of the Americas, New York, New York, which lease runs to 2009. The Company owns the building located at 51 West 52nd Street, New York, New York, containing approximately 900,000 square feet which is principally leased to third parties and houses approximately 250,000 square feet of office space used by the Company, and the CBS Broadcast Center complex located on approximately 3.7 acres at 524 West 57th Street, New York, New York and consists of approximately 860,000 square feet. The Company also owns three studio facilities in California: (a) the Paramount Pictures studio at 5555 Melrose Avenue, Los Angeles, California, located on approximately 62 acres, (b) the CBS Studio Center at 4204 Radford Avenue, Studio City, California, located on approximately 40 acres, and (c) CBS Television City at 7800 Beverly Boulevard, Los Angeles, California, located on approximately 11 acres. PARAMOUNT PARKS' operations in the U.S. include approximately 1,950 acres owned and 108 acres leased and in Canada include approximately 380 acres owned. BLOCKBUSTER's headquarters at 1201 Elm Street, Dallas, Texas consists of approximately 245,000 square feet of leased space and its distribution center in McKinney, Texas consists of approximately 850,000 square feet of leased space.

The Company also owns and leases office, studio, retail and warehouse space, broadcast, antenna and satellite transmission facilities and outdoor advertising properties throughout the U.S., Canada and several countries around the world for its businesses. The Company considers its properties adequate for its present needs.

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Item 3. *Legal Proceedings.*

Asbestos and Environmental. The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. The Company is typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of the Company's products is the basis of a claim. Claims against the Company in which a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos-containing grades of decorative micarta, a laminate used in commercial ships.

Claims typically are both filed and settled in large groups, which makes the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of December 31, 2003, the Company had pending approximately 112,280 asbestos claims, as compared to approximately 103,800 as of December 31, 2002 and approximately 106,000 as of December 31, 2001. The 2002 and 2001 numbers of claims included approximately 1,100 claims and 7,100 claims, respectively, on inactive dockets in various states which would not be counted as pending under the Company's current methodology. Of the claims pending as of December 31, 2003, approximately 82,340 were pending in state courts, 27,400 in federal court and approximately 2,540 were third party claims. During 2003, the Company received approximately 36,990 new claims and closed or moved to an inactive docket approximately 28,500 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs (recovery) in 2003 and 2002 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$(8.7) million and \$28 million, respectively. A portion of such costs relates to claims settled in prior years. If proceeds received in 2003 from commuted insurance policies were excluded from the Company's total costs in 2003, the Company's total costs after insurance recoveries and net of tax benefits would have been \$56.6 million.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased primarily by exposure to asbestos, lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure, other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. Claims identified as cancer remain a small percentage of asbestos claims pending at December 31, 2003. In a substantial number of the pending claims, the plaintiff has not yet identified the claimed injury.

The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities and that these asbestos liabilities are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

The Company from time to time receives claims from federal and state environmental regulatory agencies and other entities asserting that it is or may be liable for environmental cleanup costs and related damages principally relating to discontinued operations conducted by companies acquired by the Company. In addition, the Company from time to time receives personal injury claims including toxic tort and product liability claims arising from historical operations of the Company and its predecessors.

Antitrust. In July 2002, judgment was entered in favor of the Company, Blockbuster, Paramount Home Entertainment and other major motion picture studios and their home video subsidiaries with

respect to a complaint filed in the United States District Court for the Western District of Texas. The complaint included federal antitrust and California state law claims. In August 2003, the Fifth Circuit Court of Appeals affirmed the federal court judgment. The Supreme Court of the United States refused plaintiffs' petition for writ of certiorari in March 2004. In February 2003, a similar complaint that had been filed in a Los Angeles County Superior Court was also dismissed with prejudice. The plaintiffs have appealed the California state court dismissal, as well as a prior denial of class certification. The Company believes that the plaintiffs' positions in these litigations are without merit and intends to continue to vigorously defend itself in the litigations.

Blockbuster Securities Actions. During February and March 2003, putative class action complaints were filed against Blockbuster in the United States District Court for the Northern District of Texas. A director and certain officers of Blockbuster were also named as defendants. The remaining putative class actions have been consolidated into one action styled *In re Blockbuster Inc. Securities Litigation*, which is pending in the same court. The consolidated amended complaint, filed July 2003, claims violations of the Securities Exchange Act of 1934 for the time period approximately between February and December 2002. It also generally alleges that the defendants made untrue statements of material fact and/or omitted to disclose material facts about Blockbuster's business and operations, that the value of Blockbuster's common stock was therefore artificially inflated and that certain of the individual defendants sold shares of Blockbuster's common stock at inflated prices. The plaintiffs seek unspecified compensatory damages. In addition, three shareholder derivative actions were filed in February, March and April 2003, of which one is pending in federal court in Texas and two have been consolidated into one action in Texas state court, each arising from substantially similar operative facts. These shareholder derivative actions include claims for breach of fiduciary duties for various time periods beginning in February 2002 and name certain Blockbuster officers and directors, some of whom are directors and/or executive officers of the Company, as individual defendants, and Blockbuster as a nominal defendant. The Company and Blockbuster believe the plaintiffs' positions in all of these actions are without merit and Blockbuster intends to vigorously defend these matters.

Litigation is inherently uncertain and always difficult to predict. However, based on its understanding and evaluation of the relevant facts and circumstances, the Company believes that all of the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows. (See "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition.")

Item 4. Submission of Matters to a Vote of Security Holders.

Not Applicable.

EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is certain information concerning the executive officers of the Company as of March 1, 2004.

<u>Name</u>	<u>Age</u>	<u>Title</u>
Sumner M. Redstone	80	Chairman of the Board of Directors and Chief Executive Officer
Mel Karmazin	60	President and Chief Operating Officer and Director
Richard J. Bressler	46	Senior Executive Vice President and Chief Financial Officer
Carl D. Folta	46	Senior Vice President, Corporate Relations
Robert G. Freedline	46	Senior Vice President, Treasurer
Michael D. Fricklas	44	Executive Vice President, General Counsel and Secretary
Susan C. Gordon	50	Senior Vice President, Controller and Chief Accounting Officer
Carol A. Melton	49	Senior Vice President, Government Affairs
William A. Roskin	61	Senior Vice President, Human Resources and Administration
Martin M. Shea	60	Senior Vice President, Investor Relations

None of the executive officers of the Company is related to any other executive officer or director by blood, marriage or adoption except that Shari Redstone, a Director of the Company, is the daughter of Sumner M. Redstone.

Mr. Redstone has been Chairman of the Board of the Company since 1987 and Chief Executive Officer since 1996. Mr. Redstone also served as Chairman of the Board of NAI since 1986 and Chief Executive Officer of NAI since 1967. He served as President of NAI from 1967 through 1999. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners and is currently a member of its Executive Committee. Since 1982, Mr. Redstone has been a member of the faculty of Boston University Law School, where he has lectured on entertainment law, and, since 1994, he has been a Visiting Professor at Brandeis University. He has also been a frequent lecturer at colleges, including Harvard Law School. Mr. Redstone graduated from Harvard University in 1944 and received a LL.B. from Harvard University School of Law in 1947. Upon graduation, Mr. Redstone served as Law Secretary with the United States Court of Appeals and then as a Special Assistant to the United States Attorney General. Mr. Redstone served in the Military Intelligence Division during World War II. While a student at Harvard, he was selected to join a special intelligence group whose mission was to break Japan's high-level military and diplomatic codes. Mr. Redstone received, among other honors, two commendations from the Military Intelligence Division in recognition of his service, contribution and devotion to duty. He is also a recipient of the Army Commendation Award. He served as a Director of Infinity until the Infinity Merger. Mr. Redstone is a Director of Blockbuster Inc.

Mr. Karmazin has been President and Chief Operating Officer of the Company and a member of the Board of Directors since May 2000. He was President and Chief Executive Officer of CBS Corporation from January 1999 until the Viacom/CBS Merger. He was President and Chief Operating Officer of CBS Corporation from April 1998 through December 1998. Mr. Karmazin joined CBS Corporation in December 1996 as Chairman and Chief Executive Officer of CBS Radio and served as Chairman and Chief Executive Officer of the CBS Station Group (Radio and Television) from May 1997 to April 1998. Prior to joining CBS Corporation, Mr. Karmazin served as President and Chief Executive Officer of Infinity from 1981 until its acquisition by CBS Corporation in December 1996. Mr. Karmazin served as Chairman, President and Chief Executive Officer of Infinity from December 1998 until the Infinity Merger. He was a Director of CBS Corporation at the time of the Viacom/CBS Merger and was a Director of Infinity until the Infinity Merger. Mr. Karmazin is a Director of Blockbuster Inc. and Westwood One, Inc.

Mr. Bressler has been Senior Executive Vice President and Chief Financial Officer of the Company since May 2001. Before joining the Company, Mr. Bressler was Executive Vice President of AOL Time Warner Inc. and Chief Executive Officer of AOL Time Warner Investments. Prior to that, Mr. Bressler

served in various capacities with Time Warner Inc., including as Chairman and Chief Executive Officer of Time Warner Digital Media. He also served as Executive Vice President and Chief Financial Officer of Time Warner Inc. from March 1995 to June 1999. Mr. Bressler serves on the National Advisory Committee of JPMorgan Chase and is a Director of Blockbuster Inc.

Mr. Folta was elected Senior Vice President, Corporate Relations of the Company in November 1994. Prior to that, he served as Vice President, Corporate Relations of the Company from April 1994 to November 1994. Mr. Folta held various communications positions at Paramount Communications Inc. from 1984 until joining the Company in April 1994.

Mr. Freedline was elected Senior Vice President, Treasurer of the Company in May 2002. Prior to that, he served as Vice President and Treasurer of the Company from May 2000 to May 2002. From May 1998 to May 2000, he served as Vice President and Controller of CBS Corporation. Mr. Freedline also served as Director of Business Planning and Development of CBS from June 1996 to May 1998.

Mr. Fricklas was elected Executive Vice President, General Counsel and Secretary of the Company in May 2000. From October 1998 to May 2000, he served as Senior Vice President, General Counsel and Secretary of the Company and from July 1993 to October 1998, he served as Vice President, Deputy General Counsel of the Company.

Ms. Gordon was elected Senior Vice President, Controller and Chief Accounting Officer of the Company in May 2002. Prior to that, she served as Vice President, Controller and Chief Accounting Officer of the Company from April 1995 to May 2002 and as Vice President, Internal Audit from October 1986 to April 1995. From June 1985 to October 1986, Ms. Gordon served as Controllor of Viacom Broadcasting. She joined the Company in 1981 and held various positions in the corporate finance area.

Ms. Melton was elected Senior Vice President, Government Affairs of the Company in May 1997. Before joining the Company, Ms. Melton served most recently as Vice President, Law and Public Policy at Time Warner Inc., having joined Warner Communications Inc. in 1987. Prior to that, Ms. Melton served as Legal Advisor to the Chairman of the Federal Communications Commission and as Assistant General Counsel for the National Cable Television Association.

Mr. Roskin has been an executive officer of the Company since April 1988 when he became Vice President, Human Resources and Administration. In July 1992, Mr. Roskin was elected Senior Vice President, Human Resources and Administration of the Company. From May 1986 to April 1988, he was Senior Vice President, Human Resources at Coleco Industries, Inc. From 1976 to 1986, he held various executive positions at Warner Communications Inc., serving most recently as Vice President, Industrial and Labor Relations.

Mr. Shea was elected Senior Vice President, Investor Relations of the Company in January 1998. From July 1994 to May 1995 and from November 1995 to December 1997, he was Senior Vice President, Corporation Communications for Triarc Companies, Inc. From June 1995 through October 1995, he served as Managing Director of Edelman Worldwide. From 1977 until July 1994, Mr. Shea held various Investor Relations positions at Paramount Communications Inc., serving most recently as Vice President, Investor Relations.

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PART II

Item 5. *Market for Viacom Inc.'s Common Equity and Related Stockholder Matters.*

Viacom Inc. voting Class A Common Stock and Viacom Inc. non-voting Class B Common Stock are listed and traded on the New York Stock Exchange ("NYSE") under the symbols "VIA" and "VIAB", respectively.

The following table sets forth, for the calendar periods indicated, the per share range of high and low sales prices for Viacom Inc.'s Class A Common Stock and Class B Common Stock, as reported on the NYSE.

	Voting Class A Common Stock		Non-Voting Class B Common Stock	
	High	Low	High	Low
2003				
1st quarter	\$ 43.95	\$ 33.26	\$ 43.96	\$ 33.11
2nd quarter	48.13	36.53	49.75	36.16
3rd quarter	46.93	37.79	46.95	37.72
4th quarter	44.67	36.98	44.62	36.87
2002				
1st quarter	\$ 51.89	\$ 36.50	\$ 51.89	\$ 36.40
2nd quarter	51.36	38.99	51.30	38.80
3rd quarter	45.00	29.79	44.90	29.75
4th quarter	47.82	36.95	47.83	36.95

Viacom Inc.'s Board of Directors declared a quarterly cash dividend on its common stock during the third and fourth quarters of 2003 of \$.06 per share to stockholders of record at the close of business on August 15, 2003 and December 8, 2003, respectively.

As of March 1, 2004, there were 5,284 record holders of Viacom Inc. Class A Common Stock and 65,684 holders of Viacom Inc. Class B Common Stock.

Information regarding the Company's equity compensation plans is incorporated by reference into Item 12 in Part III of this Form 10-K.

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Item 6. *Selected Financial Data.*

VIACOM INC. AND SUBSIDIARIES (In millions, except per share amounts)

	Year Ended December 31,				
	2003(a)	2002(b)	2001(c)	2000(d)(e)	1999
Revenues	\$ 26,585.3	\$ 24,605.7	\$ 23,222.8	\$ 20,043.7	\$ 12,858.8
Operating income	\$ 3,625.8	\$ 4,596.7	\$ 1,460.2	\$ 1,320.9	\$ 1,247.3
Net earnings (loss) before cumulative effect of change in accounting principle	\$ 1,435.4	\$ 2,206.6	\$ (223.5)	\$ (363.8)	\$ 334.0
Net earnings (loss)	\$ 1,416.9	\$ 725.7	\$ (223.5)	\$ (816.1)	\$ 334.0
Net earnings (loss) attributable to common stock	\$ 1,416.9	\$ 725.7	\$ (223.5)	\$ (816.1)	\$ 321.6
Basic earnings (loss) per common share:					
Net earnings (loss) before cumulative effect of change in accounting principle	\$.82	\$ 1.26	\$ (.13)	\$ (.30)	\$.46
Net earnings (loss)	\$.81	\$.41	\$ (.13)	\$ (.67)	\$.46
Diluted earnings (loss) per common share:					
Net earnings (loss) before cumulative effect of change in accounting principle	\$.82	\$ 1.24	\$ (.13)	\$ (.30)	\$.45
Net earnings (loss)	\$.80	\$.41	\$ (.13)	\$ (.67)	\$.45
Dividends per common share (f)	\$.12	—	—	—	—

At Year End:										
Total assets	\$	89,848.5	\$	90,043.2	\$	90,809.9	\$	82,809.3	\$	24,486.4
Long-term debt from continuing operations	\$	9,879.5	\$	10,404.2	\$	11,122.7	\$	12,697.7	\$	5,992.0
Total stockholders' equity	\$	63,205.0	\$	62,487.8	\$	62,716.8	\$	47,966.9	\$	11,132.0

(a) Results include a non-cash charge of \$1.3 billion (\$1.0 billion, net of minority interest and tax) related to a reduction in Blockbuster's goodwill and other long-lived assets resulting from the application of SFAS No.142, "Goodwill and Other Intangible Assets" ("SFAS 142") and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

(b) As a result of the initial adoption of SFAS 142, the Company recorded an after-tax non-cash charge of \$1.5 billion, net of \$336.1 million of minority interest, as a cumulative effect of a change in accounting principle.

(c) Results include a pre-tax primarily non-cash Video charge of \$396.6 million (\$198.3 million, net of minority interest and tax) for the elimination of less-productive VHS tapes; a charge of approximately \$75.4 million at MTV Networks related to a restructuring plan to reduce headcount and close certain international offices and a charge of \$53.4 million at UPN in connection with the Company's integration of UPN with CBS Network operations.

(d) As a result of the adoption of Statement of Position 00-2, "Accounting by Producers or Distributors of Films," the Company recorded a non-cash after-tax charge of \$452.3 million as a cumulative effect of a change in accounting principle.

(e) On May 4, 2000, CBS Corporation merged with and into Viacom Inc., and effective from this date, its results of operations are included in the consolidated financial results of the Company.

(f) Viacom Inc.'s Board of Directors declared a quarterly cash dividend of \$.06 per share on its common stock during the third and fourth quarters of 2003.

See Notes to Consolidated Financial Statements for additional information on transactions and accounting classifications which have affected the comparability of the periods presented above.

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Item 7. *Management's Discussion and Analysis of Results of Operations and Financial Condition.* (Tabular dollars in millions)

Management's discussion and analysis of the results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements and related Notes. Descriptions of all documents incorporated by reference herein or included as exhibits hereto are qualified in their entirety by reference to the full text of such documents so incorporated or included.

Overview

Viacom Inc., together with its consolidated subsidiaries ("Viacom" or the "Company") is a diversified worldwide entertainment company with operations in the following segments:

- **CABLE NETWORKS:** The Cable Networks segment consists of MTV Networks ("MTVN"), including MTV MUSIC TELEVISION, NICKELODEON/NICK AT NITE, VH1, MTV2 MUSIC TELEVISION, TV LAND, SPIKE TV, CMT: COUNTRY MUSIC TELEVISION and COMEDY CENTRAL; SHOWTIME NETWORKS INC. ("SNI"); and the BET CABLE NETWORK and BET JAZZ: THE JAZZ CHANNEL, among other program services. Cable Networks revenues are generated primarily from advertising sales and affiliate fees. Cable Networks contributed 21% to consolidated revenues for the year ended December 31, 2003 and 19% for the years ended December 31, 2002 and 2001.
- **TELEVISION:** The Television segment consists of the CBS and UPN television networks, the Company's 39 owned broadcast television stations, and its television production and syndication business, including KING WORLD PRODUCTIONS and PARAMOUNT TELEVISION. Television revenues are generated primarily from advertising sales and television license fees. Television contributed 29%, 30% and 31%, respectively, to consolidated revenues for the years ended December 31, 2003, 2002 and 2001.
- **RADIO:** The Radio segment owns and operates 185 radio stations in 41 U.S. markets through INFINITY RADIO. Radio revenues are generated primarily from advertising sales. Radio contributed 8% to consolidated revenues for the year ended December 31, 2003 and 9% for the years ended December 31, 2002 and 2001.
- **OUTDOOR:** The Outdoor segment through VIACOM OUTDOOR displays advertising on media including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage. Outdoor revenues are generated primarily from advertising sales. Outdoor contributed 7% to consolidated revenues for the years ended December 31, 2003, 2002 and 2001.
- **ENTERTAINMENT:** The Entertainment segment includes PARAMOUNT PICTURES, which produces and distributes theatrical motion pictures; SIMON & SCHUSTER, which publishes and distributes consumer books, under imprints such as SIMON & SCHUSTER, POCKET BOOKS, SCRIBNER and THE FREE PRESS; PARAMOUNT PARKS, which is principally engaged in the ownership and operation of five theme parks and a themed attraction in the U.S. and Canada; and movie theater and music publishing operations. Entertainment revenues are generated primarily from feature film exploitation, publishing, theme park operations and movie theaters. Entertainment contributed 15% to consolidated revenues for the years ended December 31, 2003 and 2002 and 16% for the year ended December 31, 2001.
- **VIDEO:** The Video segment consists of an approximately 81.5% equity interest in Blockbuster Inc., which operates and franchises 8,867 BLOCKBUSTER video stores worldwide. Video revenues are generated primarily from its rental and retail sales of videocassettes ("VHS"), DVDs and games. Video contributed 22%, 23% and 22%, respectively, to consolidated revenues for the years ended December 31, 2003, 2002 and 2001.

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On February 10, 2004, the Company announced that its Board of Directors authorized the Company to pursue the divestiture of Viacom's approximately 81.5% interest in Blockbuster, based on the conclusion that Blockbuster would be better positioned as a company completely independent of Viacom. The Company anticipates that the divestiture would be achieved through a tax-free split-off, but will also continue to

consider other alternatives. The transaction is subject to further approval of the Viacom Board and an assessment of market conditions. The split-off, which would result in a reduction of Viacom's outstanding shares, is expected to be completed by mid-2004.

Consolidated Results of Operations—2003 vs. 2002 and 2002 vs. 2001

Revenues

For the year ended December 31, 2003, revenues of \$26.6 billion increased 8% from \$24.6 billion in 2002. For the year ended December 31, 2002, revenues of \$24.6 billion increased 6% from \$23.2 billion in 2001. Revenue growth for each year primarily reflected increases in advertising sales, rental/retail sales and affiliate fees, along with continuing contributions from feature film exploitation.

The table below presents the Company's consolidated revenues by type and the percentage and amount of contribution of each type of revenue to consolidated revenues, net of intercompany eliminations, for each of the years ended December 31, 2003, 2002 and 2001, respectively.

Revenues by Type Year Ended December 31,	2003	Percentage of Total	2002	Percentage of Total	2001	Percentage of Total
Advertising sales	\$ 12,071.9	45%	\$ 11,225.1	46%	\$ 10,722.8	46%
Rental/retail sales	5,815.1	22	5,480.1	22	5,049.9	22
Affiliate fees	2,407.7	9	2,199.0	9	2,030.9	9
Feature film exploitation	2,212.4	8	1,860.0	7	1,853.6	8
TV license fees	1,514.5	6	1,472.2	6	1,359.2	6
Other	2,563.7	10	2,369.3	10	2,206.4	9
Total Revenues	\$ 26,585.3	100%	\$ 24,605.7	100%	\$ 23,222.8	100%

Advertising sales, which represented 45% of the Company's consolidated revenues for 2003, increased 8% in 2003 to \$12.1 billion reflecting growth in all of the Company's segments which generate advertising revenues: Cable Networks, Television, Radio and Outdoor. The increase in advertising revenues was due to increased units sold and higher rates at the cable and broadcast networks and 7% higher U.S. billboard and 17% higher European outdoor revenues primarily driven by favorable exchange rates. For 2002, advertising sales increased 5% to \$11.2 billion led by increases in Cable Networks, Television and Radio. The 2002 increase in advertising revenues was driven primarily by increased units sold at cable networks, as well as increases in average unit rates and units sold at the broadcast network operations.

Rental/retail sales for 2003 were up 6% to \$5.8 billion reflecting a 26% increase in retail sales and a 2% increase in rental sales. Both rental and retail growth were driven by an increase of 198 worldwide company-operated stores since December 31, 2002, the acquisition of GameStation, Inc., a leading games retailer in the United Kingdom in the fourth quarter of 2002 and favorable foreign exchange rates. Worldwide same store revenues declined 2.2% reflecting a 3.6% decline in same store rental revenues as a result of a weaker rental market worldwide partially offset by an increase in same store retail revenues of 3.7% reflecting growth in both movie and games sales. Rental/retail sales for 2002 were up 9% to \$5.5 billion with rental sales growth of 3% and retail sales growth of 39% driven by an increase of 495 worldwide company-operated stores since December 31, 2001 and increased DVD and game product sales.

Affiliate fees for 2003 increased 9% to \$2.4 billion primarily driven by rate increases and growth in subscriber volume at MTVN as well as the acquisition of Comedy Central in May 2003. Affiliate fees for

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2002 increased 8% to \$2.2 billion reflecting rate increases at each of the Cable Networks as well as an increase in subscriber volume at MTV Networks digital channels.

Feature film revenues increased 19% to \$2.2 billion in 2003 primarily reflecting 62% higher worldwide home entertainment revenues from DVD sales and contributions from increased syndication, theatrical and pay television revenues partially offset by lower network revenues. Feature film revenues remained relatively flat in 2002 versus 2001 at \$1.9 billion reflecting growth in DVD sales primarily offset by lower theatrical revenues.

Television license fees increased 3% to \$1.5 billion in 2003 principally reflecting increased syndication revenues due to a full year of results for THE DR. PHIL SHOW versus four months in 2002. Television license fee revenues increased 8% in 2002 to \$1.5 billion primarily from increased syndication revenues from cable sales and revenues from THE DR. PHIL SHOW, launched in 2002.

Other revenues, which include revenues from publishing, theme park operations, movie theaters and consumer products, increased 8% to \$2.6 billion in 2003 primarily reflecting higher Nickelodeon consumer products revenues as well as higher theaters revenues from favorable foreign currency translation, higher admission prices and increased per capita spending. For 2002, other revenues increased 7% to \$2.4 billion primarily due to higher publishing, theaters and Nickelodeon consumer products revenues.

The Company's 2004 revenues are expected to benefit from the continued strengthening of the advertising market and from the Super Bowl telecast on CBS in February, as well as the full-year impact of the Comedy Central acquisition. Assuming the divestiture of Blockbuster occurs, the Company's advertising-supported businesses as a percentage of consolidated revenues would significantly increase.

International Revenues

The Company generated approximately 18% of its total revenues from international regions in 2003 and 16% in 2002 and 2001, principally from Europe and Canada.

Year Ended December 31,	2003	Percentage of	2002	Percentage of	2001	Percentage of
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	Total			Total			Total		
Europe	\$	2,839.8	58%	\$	2,263.4	56%	\$	2,030.6	54%
Canada		1,087.1	22		927.2	23		881.7	23
All other		960.1	20		838.6	21		844.0	23
Total International Revenues	\$	4,887.0	100%	\$	4,029.2	100%	\$	3,756.3	100%

Operating Expenses

For the year ended December 31, 2003, operating expenses of \$16.3 billion increased 9% over 2002. For the year ended December 31, 2002, operating expenses of \$14.9 billion increased 3% over 2001. The major components and changes in operating expenses were as follows:

- Production and program rights amortization expenses represented approximately 47% of total operating expenses in 2003 and reflect the costs and amortization of television and theatrical inventory, including direct production costs, residuals and participation expenses, production overhead and acquisition costs as well as costs attributable to television and radio programming expenses including on-air talent and other production costs, and costs and amortization of acquired rights of programs exhibited on the broadcast networks, cable networks and broadcast stations. For 2003, production and program rights amortization increased 11% over 2002 primarily due to 22% higher costs at Cable Networks, principally for new and existing programming at MTVN. Also contributing to the increases were higher costs for contractual series at the broadcast networks and more original summer programming, higher sports rights amortization at CBS Network and Radio

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and higher feature film amortization. Production and program rights amortization expenses for 2002 increased 4% over 2001 driven by contractual increases in costs associated with series at the broadcast networks and increases at the Company-owned television stations due to new entertainment and sports programming investments.

- Costs of rental/retail sales and other video store operating expenses represented approximately 27% of total operating expenses in 2003 and include amortization of the costs of videocassette, DVD and game inventory, revenue sharing expenses on rental inventory, store employee compensation expense and occupancy expenses. Costs of rental/retail sales and other video store operating expenses for 2003 increased 6% over 2002 reflecting an increase in rental/retail sales of 6%, an increase of 198 worldwide company-operated stores partially offset by improved product buying and inventory management. Costs of rental/retail sales and other video store operating expenses for 2002 increased 1% over 2001 reflecting a shift in product mix and the net increase of 495 worldwide company-operated stores, partially offset by the 2001 charge associated with Blockbuster's re-merchandising and store reconfiguration plans.
- Distribution expenses, which represented approximately 9% of total operating expenses in 2003, reflect advertising and other distribution costs incurred primarily with respect to theatrical and television product. Distribution expenses for 2003 increased 11% over 2002 reflecting higher print and advertising costs for feature films in theatrical release. Distribution expenses for 2002 increased 8% over 2001 reflecting higher costs associated with prints and advertising due to the higher number of feature films released partially offset by a decrease in other distribution costs.
- Other operating expenses for 2003, included an increase in Outdoor expenses of 7%, reflecting higher rotation and embellishment expenses for billboards. Outdoor expenses for 2002 increased 10% over 2001 reflecting higher guarantee payments for transit contracts.

Selling, General and Administrative Expenses

Selling, general and administrative expenses, which include expenses incurred to provide back office support, occupancy, selling and marketing costs, increased 4% to \$4.4 billion in 2003 reflecting increased costs from Comedy Central, acquired in May 2003, increased employee-related expenses and higher directors' and officers' insurance premiums and professional fees. These increases were partially offset by a pre-tax gain of \$40 million received in 2003 from the settlement of a 2001 physical damage and business interruption claim. For 2002, selling, general and administrative expenses increased 3% to \$4.2 billion. Selling, general and administrative expenses as a percentage of revenues decreased to 16% for the year ended December 31, 2003 compared to 17% for 2002 and 18% for 2001.

Advertising expenses remained relatively flat at \$1.4 billion for 2003 and 2002 reflecting higher advertising costs for feature films in theatrical release offset by decreases at Blockbuster. Advertising expenses decreased 5% in 2002 versus 2001 reflecting lower advertising spending at the broadcast and cable networks and Company-owned television stations partially offset by increases at Blockbuster for marketing efforts associated with key rental and retail promotions.

Included within selling, general and administrative expenses are residual costs, which primarily include pension and postretirement benefit costs for benefit plans retained by the Company for previously divested businesses. Residual costs for 2003 increased to \$146.5 million from \$67.8 million principally due to actuarial losses from a lower discount rate and a decrease in expected rate of return on plan assets in 2003. Residual costs decreased to \$67.8 million in 2002 from \$87.2 million in 2001 due primarily to the recognition of actuarial gains for benefit plans of certain divested businesses.

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Impairment and Restructuring Charges

During the fourth quarter of 2003, the Company recorded a non-cash impairment charge related to Blockbuster of approximately \$1.3 billion in accordance with the provisions of SFAS 142. In completing its analysis of the fair value of the video business during the fourth quarter of 2003, several events led Blockbuster to conclude that the business had incremental risks that were required to be included in its evaluation of goodwill. These events included Blockbuster's lower than anticipated same store revenues during the December 2003 selling season caused by increased competition from retail DVD and other home video distribution channels. Blockbuster also identified risks associated with certain international operations, such as increased competition, two-tiered pricing and piracy. Additionally, Blockbuster's review of long-lived assets in conjunction with SFAS 144 resulted in an impairment charge of approximately \$18.5 million to reduce the carrying value of certain fixed assets in four international markets. These charges were included in "Impairment and restructuring charges" in the Consolidated Statements of Operations for the year ended December 31, 2003.

In the second quarter of 2003, restructuring charges of \$26.4 million were recorded at Cable Networks. These charges principally reflected \$17.7 million of severance liabilities resulting from the acquisition of the remaining 50% of Comedy Central that the Company did not own and organizational changes at Showtime Networks Inc. Also included in this total was \$8.4 million for additional lease termination costs for MTVN due to a change in the initial estimate for its 2001 charge.

In 2001, the Company recorded a Cable Networks restructuring charge of \$66.6 million for MTVN and a UPN restructuring charge of \$52.8 million. These charges were principally associated with reducing headcount and closing certain MTVN domestic and foreign offices and integrating UPN into CBS Network operations.

Depreciation and Amortization

For the year ended December 31, 2003, depreciation and amortization increased 6% to \$999.8 million principally driven by an increase of 198 company-operated video stores and the addition of broadcasting equipment and outdoor advertising properties. For the year ended December 31, 2002, depreciation and amortization decreased to \$945.6 million as compared with \$3.1 billion for 2001. This decrease was due to the Company's initial adoption of SFAS 142 effective January 1, 2002, and as a result, goodwill and intangible assets with indefinite lives are no longer amortized.

Interest Expense

For the year ended December 31, 2003, interest expense decreased 9% to \$776.0 million from \$848.3 million primarily due to a reduction in debt including lower average commercial paper borrowings. The Company had approximately \$10.1 billion at December 31, 2003 and \$10.6 billion at December 31, 2002 of principal amount of debt outstanding (including current maturities and discontinued operations) at weighted average interest rates of 6.5% and 6.6%, respectively.

For the year ended December 31, 2002, interest expense decreased 12% to \$848.3 million from \$969.2 million due to lower average debt balances and lower interest rates. The Company had approximately \$11.5 billion at December 31, 2001 of principal amount of debt outstanding (including current maturities and discontinued operations) at a weighted average interest rate of 6.8%.

Interest Income

For the year ended December 31, 2003, interest income decreased to \$14.8 million from \$15.8 million in 2002. For the year ended December 31, 2002, interest income decreased to \$15.8 million from \$30.6 million in 2001 due to lower cash balances and lower interest rates in 2002 versus 2001.

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Other Items, Net

For the year ended December 31, 2003, "Other items, net" reflected a net loss of \$3.4 million principally consisting of foreign exchange losses of \$2.3 million, losses associated with securitizing trade receivables of \$14.8 million and an aggregate loss of \$7.0 million resulting from the write-down of several investments to their market value, partially offset by a net gain on the disposition of investments of \$14.8 million and an insurance recoupment of \$5.6 million.

For the year ended December 31, 2002, "Other items, net" reflected a net loss of \$30.0 million which principally consisted of foreign exchange losses of \$51.9 million, losses of \$19.7 million associated with securitizing trade receivables and an aggregate loss of approximately \$13.8 million resulting from the write-down of several investments to their market value. These losses were partially offset by the recovery of advertising commitments of \$29.8 million, a gain of \$18.8 million on the sale of a telephone kiosk advertising business and a net gain of \$5.5 million from the sale of investments.

For the year ended December 31, 2001, "Other items, net" of \$254.7 million principally reflected a gain from television station swaps of \$210.1 million and the recovery of certain advertising commitments of \$250.0 million offset by impairment losses of approximately \$125.0 million related to the Company's investments. The one-time pre-tax gains were also partially offset by foreign exchange losses of \$8.2 million and losses of \$22.8 million associated with securitizing trade receivables. Additionally, 2001 reflects an impairment loss of \$46.6 million related to the purchase of two television stations. The recovery of advertising commitments in 2002 and 2001 reflected the restructuring of agreements with several Internet companies. As a result, the Company was released from related advertising commitments and reversed related deferred revenues.

Provision for Income Taxes

The provision for income taxes represents federal, state and local and foreign income taxes on earnings before income taxes. For 2003, the annual effective tax rate, before the cumulative effect of change in accounting was 55.9% in 2003, 38.8% in 2002 and 118.5% in 2001. The annual 2003 rate was adversely affected by the non-cash charge recorded to reduce the carrying value of Blockbuster goodwill. Excluding the non-cash charge, the annual effective tax rate was 39.8% in 2003. The annual 2001 rate was adversely affected by non-deductible goodwill amortization.

Equity in Loss of Affiliated Companies, Net of Tax

"Equity in loss of affiliated companies, net of tax" was \$.6 million for 2003, \$39.5 million for 2002 and \$127.0 million for 2001. The amounts principally reflected operating losses from Internet investments and international ventures partially offset by positive results of Westwood One and Comedy Central prior to its acquisition in May 2003. Additionally, 2001 reflected operating losses from Internet equity investments that were no longer operating in 2002.

Minority Interest, Net of Tax

Minority interest for 2003 and 2002 primarily represented the minority ownership of Blockbuster. Minority interest increased in 2003 principally due to recording the minority interest portion of the 2003 Blockbuster non-cash charge. Minority interest for 2001 primarily represented the minority ownership of Infinity prior to its merger with the Company on February 21, 2001, and the minority ownership of Blockbuster.

Cumulative Effect of Change in Accounting Principle, Net of Minority Interest and Tax

Effective January 1, 2003, the Company adopted SFAS No. 143 "Accounting for Asset Retirement Obligations" which requires the capitalization of asset retirement costs as part of the total cost of the

related long-lived asset and the depreciation of this cost over the corresponding asset's useful life. As a result of the adoption, the Company recorded a charge of \$18.5 million, or \$.01 per share, reflected as a cumulative effect of a change in accounting principle, net of minority interest and tax, in the Consolidated Statements of Operations for the year ended December 31, 2003.

Effective January 1, 2002, the Company adopted SFAS 142 and recorded an after-tax non-cash charge of \$1.5 billion (net of minority interest of \$336.1 million), or \$.84 per basic and \$.83 per diluted share, as a cumulative effect of a change in accounting principle in the Consolidated Statement of Operations for the year ended December 31, 2002.

Net Earnings (Loss)

The Company reported net earnings of \$1.4 billion for the year ended December 31, 2003 versus net earnings of \$725.7 million for the year ended December 31, 2002 and a net loss of \$223.5 million for 2001. The improvement in net earnings in 2003 was primarily due to revenue growth from increases in advertising, feature film exploitation, rental/retail sales and affiliate fees and the non-cash impairment charge of \$1.5 billion recorded in 2002 as a cumulative effect of change in accounting principle, net of minority interest and tax. These increases were partially offset by the non-cash Blockbuster charge of \$1.0 billion, net of minority interest and tax, recorded in 2003 and increases in operating expenses primarily from programming and production costs. The substantial improvement in 2002 over 2001 reflected revenue growth principally from advertising sales and the reduction of amortization expense resulting from the implementation of SFAS 142 partially offset by the goodwill impairment charge recorded in 2002.

Segment Results of Operations—For the Years Ended December 31, 2003, 2002 and 2001

The tables below present the Company's revenues, operating income and depreciation and amortization by segment, for each of the years ended December 31, 2003, 2002 and 2001.

Year Ended December 31,	2003	2002	2001
Revenues:			
Cable Networks	\$ 5,645.5	\$ 4,726.7	\$ 4,297.6
Television	7,761.0	7,456.8	7,218.7
Radio	2,097.6	2,121.6	2,014.8
Outdoor	1,748.3	1,633.5	1,656.6
Entertainment	4,101.3	3,680.1	3,626.8
Video	5,911.7	5,565.9	5,156.7
Eliminations	(680.1)	(578.9)	(748.4)
Total Revenues	\$ 26,585.3	\$ 24,605.7	\$ 23,222.8
Operating Income (Loss):			
Cable Networks	\$ 2,172.3	\$ 1,772.2	\$ 1,234.9
Television	1,238.1	1,177.6	385.8
Radio	975.0	1,007.6	382.4
Outdoor	207.9	218.0	(90.6)
Entertainment	271.4	358.3	215.3
Video (a)	(847.8)	355.8	(219.6)
Corporate expenses	(187.9)	(159.0)	(169.1)
Residual costs (b)	(146.5)	(67.8)	(87.2)
Eliminations (c)	(56.7)	(66.0)	(191.7)
Total Operating Income	\$ 3,625.8	\$ 4,596.7	\$ 1,460.2
Depreciation and Amortization:			
Cable Networks	\$ 195.3	\$ 190.9	\$ 447.1
Television	151.1	140.8	786.4
Radio	27.4	30.8	608.0
Outdoor	215.9	205.6	617.9
Entertainment	129.7	120.7	182.8
Video	257.9	233.8	423.7
Corporate	22.5	23.0	21.1
Total Depreciation and Amortization	\$ 999.8	\$ 945.6	\$ 3,087.0

(a) Video operating loss reflects \$1.3 billion non-cash impairment charge as a result of the application of SFAS 142 and SFAS 144.

(b) Primarily include pension and postretirement benefit costs for benefit plans retained by the Company for previously divested businesses.

Segment Results of Operations—2003 vs. 2002 and 2002 vs. 2001

Cable Networks (Basic Cable Television Program Services through MTV Networks ("MTVN"), including MTV, VH1, Nickelodeon/Nick at Nite, TV Land, MTV2, Spike TV, Comedy Central and CMT; BET and BET Jazz: The Jazz Channel; and through Showtime Networks Inc. ("SNI"), owner of several Premium Subscription Television Program Services)

(Contributed 21% of consolidated revenues for the year ended December 31, 2003 and 19% for the years ended December 31, 2002 and December 31, 2001.)

Year Ended December 31,	2003	2002	2001
Revenues	\$ 5,645.5	\$ 4,726.7	\$ 4,297.6
Operating income (OI)	\$ 2,172.3	\$ 1,772.2	\$ 1,234.9
OI as a % of revenues	38%	37%	29%
Depreciation and amortization	\$ 195.3	\$ 190.9	\$ 447.1
Capital expenditures	\$ 90.3	\$ 95.7	\$ 139.9

2003 vs. 2002

For 2003, Cable Networks revenues increased 19% to \$5.6 billion principally driven by 26% growth in advertising revenues and a 9% increase in affiliate fees. Approximately 9% of Cable Networks revenues were generated from international regions, of which approximately 68% came from Europe. Comedy Central's results have been consolidated in this segment as part of MTVN effective from the date of its acquisition on May 22, 2003.

For 2003, advertising revenues increased 26% reflecting 27% growth at MTVN principally due to selling more units and higher average unit rates. BET delivered 17% advertising revenue growth for 2003 over the prior year as a result of higher average rates. The 9% increase in affiliate fees was primarily due to rate and subscriber increases at MTVN and BET partially offset by declines at SNI. Other ancillary revenues for Cable Networks, which represented 9% of revenues for 2003 and 8% for 2002, grew 40% reflecting higher consumer product licensing revenues at Nickelodeon and contributions from co-produced feature films. Cable Networks revenue growth benefited from Comedy Central contributions of 8% to advertising, 3% to affiliate and 5% to ancillary revenue growth for the year.

During the second quarter of 2003, restructuring charges of \$26.4 million were recorded at Cable Networks. These charges principally reflected \$17.7 million of severance liabilities resulting from the acquisition of the remaining 50% interest in Comedy Central that the Company did not own and organizational changes at SNI. Also included in this total was \$8.4 million for additional lease termination costs for MTVN due to a change in the initial estimate for its 2001 charge.

For 2003, Cable Networks operating income increased 23% reflecting higher revenues partially offset by increased expenses. Operating expenses, principally comprised of programming and production costs for the cable channels, increased 23%, led by increases at MTVN and BET primarily for new programming initiatives and the impact of Comedy Central. Selling, general and administrative expenses increased 9% primarily due to higher marketing costs at MTVN and the inclusion of Comedy Central, which contributed 5% of the increase. Total expenses, as a percentage of revenues, improved one percentage point for the year.

2002 vs. 2001

For 2002, Cable Networks revenues increased 10% to \$4.7 billion principally driven by 12% growth in advertising revenues and 8% growth in affiliate fees. MTVN's advertising revenues increased 11% due to selling more units, partially offset by a reduction of average unit rates. Cable affiliate fees increased 8%

principally due to mid single-digit rate increases at MTVN's domestic channels, excluding digital, an 18% increase in domestic subscribers principally due to the acquisition of the remaining interest in Noggin and the expansion of MTVN digital channels and mid single-digit average rate increases at SNI. Other ancillary revenues were principally comprised of consumer product licensing revenues from Nickelodeon.

For 2002, Cable Networks operating income increased 44% as goodwill and intangible assets with indefinite lives are no longer amortized upon adoption of SFAS 142 on January 1, 2002. The increase also reflected the impact of the MTVN charge recorded in the fourth quarter of 2001. The MTVN charge reflected \$66.6 million for severance due to a reduction in workforce and for lease termination costs. In conjunction with the restructuring, \$8.8 million was recorded as depreciation expense for the write-off of leasehold improvements. Operating expenses increased 7% principally driven by higher programming costs at MTV, Nickelodeon, Spike TV and SNI. Total operating expenses, as a percentage of revenues, improved by one percentage point over the prior year. Selling, general and administrative expenses increased 10% primarily due to higher compensation expense from sales commissions as a result of revenue growth.

Television (CBS and UPN Television Networks and Stations; Television Production and Syndication)

(Contributed 29% of consolidated revenues for the year ended December 31, 2003, 30% for the year ended December 31, 2002 and 31% for the year ended December 31, 2001.)

Year Ended December 31,	2003		2002		2001
Revenues	\$	7,761.0	\$	7,456.8	\$ 7,218.7
Operating income (OI)	\$	1,238.1	\$	1,177.6	\$ 385.8
OI as a % of revenues		16%		16%	5%
Depreciation and amortization	\$	151.1	\$	140.8	\$ 786.4
Capital expenditures	\$	123.6	\$	138.7	\$ 120.2

2003 vs. 2002

For 2003, Television revenues increased 4% to \$7.8 billion primarily driven by higher advertising revenues at the broadcast networks and the Stations group, and higher syndication revenues. CBS and UPN Networks combined advertising revenues increased 6%, with 8% growth in CBS primetime due primarily to a 6% average rate increase. Late night, daytime and news advertising revenues were up with average rate increases partially offset by a rate decrease at sports, due primarily to the impact of the war on the broadcast of the NCAA basketball tournament. The Stations group delivered 2% year-over-year advertising revenue growth led by ratings improvements for the CBS Network, particularly at 10 pm, which improved the stations' local news and syndication as well as higher sales in the automotive, leisure and media industries. The Stations group also benefited from the full year results of KCAL-TV Los Angeles, acquired in May 2002, which contributed 3% to the revenue growth for the year. These increases were more than offset by the absence of political advertising which was down over 80% versus the prior year.

Higher syndication revenues for the year were partially offset by a decrease in domestic syndication availabilities and home entertainment revenues. Syndication revenues were higher primarily due to increases in license fees and barter revenues for THE DR. PHIL SHOW which debuted in September 2002 and higher barter revenues from EVERYBODY LOVES RAYMOND. Revenue from domestic syndication availabilities in 2003 included THE PARKERS, SABRINA, THE TEENAGE WITCH and the off-network syndication of seasons one through five of BECKER, and did not match last year's initial basic cable syndication availabilities including 7TH HEAVEN, CHARMED and SEVEN DAYS. Home entertainment revenues decreased as contributions from the DVD release of seasons one through seven of STAR TREK: DEEP SPACE NINE did not match the contributions from last year's DVD release of seasons one through seven of STAR TREK: THE NEXT GENERATION.

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For 2003, Television operating income increased 5% principally due to the revenue increases noted above. Operating expenses, principally comprised of production costs and programming expenses, increased 5% for the year. CBS Network experienced higher programming costs due to more hours of original summer programming, contractual series increases in primetime and increased sports rights payments which were associated with the first year of new contracts with both the NCAA and the PGA Tour. The Stations group incurred higher operating expenses for the year principally due to expansion of news coverage and talent partially offset by reduced advertising and promotion. Total expenses, as a percentage of revenues, remained flat. Television operating income for 2003 included approximately \$27 million from insurance recoveries.

License fees for completed television programming in syndication and on basic cable are recorded as revenue in the period that the products are available for exhibition, which, among other reasons, may cause substantial fluctuation in operating results. Unrecognized revenues attributable to such licensing agreements were approximately \$634.9 million and \$668.3 million at December 31, 2003 and 2002, respectively, including intercompany revenues of \$345.2 million and \$366.8 million.

2002 vs. 2001

For 2002, Television revenues increased 3% to \$7.5 billion principally driven by higher advertising revenues at the broadcast networks and the Stations group, partially offset by lower syndication revenues. CBS and UPN Networks combined advertising revenues increased 2%, with 9% growth for both CBS and UPN in primetime due to 5% average rate increases, partially offset by rate decreases in daytime and news dayparts. CBS Network had additional units available for sale in 2002 versus the prior year when there were fewer units available as a result of the events of September 11, during which CBS ran sustained news coverage from September 11 through September 14, 2001. CBS Network sold approximately 85% of its inventory in the upfront for the 2002/2003 season versus 65% of its inventory in the upfront for the 2001/2002 season. The revenue increases were partially offset by the absence of the Super Bowl, which CBS televised in 2001. The Stations group delivered 12% year-over-year advertising revenue growth led by increased political ads and higher sales in the automotive and services industries. The acquisition of KCAL-TV Los Angeles in May 2002 contributed 5% of the Stations group revenue growth for the year.

For 2002, Television revenues also reflected a decrease in domestic and foreign syndication revenues and lower network revenues, partially offset by higher home entertainment revenues. Domestic syndication revenues included revenues from the initial availability to cable of 7TH HEAVEN, CHARMED, SISTER, SISTER, and ANY DAY NOW as well as higher library revenues from THE ANDY GRIFFITH SHOW and HAPPY DAYS. However, these revenues did not match the absence of contributions from the syndication of EVERYBODY LOVES RAYMOND, STAR TREK: THE NEXT GENERATION and CHEERS in the prior year and license fees from cancelled series including STAR TREK: VOYAGER, DR. LAURA and REAL TV. Foreign syndication revenues were lower primarily resulting from lower current series revenues partially offset by higher revenues from library product. Network revenues decreased as revenues from new series in the 2002/2003 season were more than offset by the absence of revenues from canceled series. Home entertainment revenues were higher primarily from the DVD release of seasons one through seven of STAR TREK: THE NEXT GENERATION.

For 2002, Television operating income increased to \$1.2 billion from \$385.8 million as goodwill and intangible assets with indefinite lives are no longer amortized upon adoption of SFAS 142 on January 1, 2002. The increase also reflected the impact of the charge taken in the fourth quarter of 2001 in connection with the plan to integrate UPN with CBS operations. Production and programming expenses at the broadcast networks increased 1.5%, principally reflecting higher costs in primetime due to contractual series increases and higher sports rights offset by lower NFL costs due to the absence of the Super Bowl in 2002. The Stations group incurred higher costs for syndicated programming and sports rights. Total operating expenses, as a percentage of revenues, improved by one percentage point over the prior year.

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(Contributed 8% of consolidated revenues for the year ended December 31, 2003 and 9% for the years ended December 31, 2002 and December 31, 2001.)

Year Ended December 31,	2003	2002	2001
Revenues	\$ 2,097.6	\$ 2,121.6	\$ 2,014.8
Operating income (OI)	\$ 975.0	\$ 1,007.6	\$ 382.4
OI as a % of revenues	46%	47%	19%
Depreciation and amortization	\$ 27.4	\$ 30.8	\$ 608.0
Capital expenditures	\$ 14.1	\$ 14.4	\$ 12.4

2003 vs. 2002

Radio revenues are generated from 185 domestic radio stations. For 2003, Radio revenues of \$2.1 billion reflected a 1% increase in advertising revenues primarily from national sales. The advertising revenue growth was more than offset by lower ancillary revenues principally related to management services provided to Westwood One, an affiliated company. Revenues from these arrangements were approximately \$64.3 million for the year ended December 31, 2003 and \$110.4 million for the year ended December 31, 2002.

For 2003, Radio operating income decreased 3% principally due to the revenue decrease and an increase in expenses. Operating expenses, primarily comprised of radio programming expenses including on-air talent, program rights amortization and other production costs, increased 7% for the year primarily reflecting contractual talent increases as well as increased sports rights. Selling, general and administrative expenses decreased 3%, reflecting \$13 million of insurance recoveries and lower advertising and promotional expenditures for the year. Total expenses, as a percentage of revenues, increased one percentage point.

2002 vs. 2001

For 2002, Radio revenues increased 5% to \$2.1 billion. Advertising revenues increased 5% driven by an increase in spots sold for the year, with average spot rates increasing slightly. Radio also experienced an increase in ancillary revenues principally related to management services provided to Westwood One. Revenues from these arrangements were approximately \$110.4 million for the year ended December 31, 2002 and \$94.8 million for the year ended December 31, 2001. Radio operating income increased to \$1.0 billion from \$382 million as goodwill and intangible assets with indefinite lives are no longer amortized upon adoption of SFAS 142 on January 1, 2002, offset by incremental expenses associated with acquired sports rights.

Outdoor (Outdoor Advertising Properties)

(Contributed 7% of consolidated revenues for each of the years ended December 31, 2003, 2002 and 2001.)

Year Ended December 31,	2003	2002	2001
Revenues	\$ 1,748.3	\$ 1,633.5	\$ 1,656.6
Operating income (loss) (OI)	\$ 207.9	\$ 218.0	\$ (90.6)
OI as a % of revenues	12%	13%	NM
Depreciation and amortization	\$ 215.9	\$ 205.6	\$ 617.9
Capital expenditures	\$ 58.1	\$ 67.1	\$ 86.9

NM—Not meaningful

2003 vs. 2002

For 2003, Outdoor revenues increased 7% to \$1.7 billion reflecting a 17% increase from its European properties and a 2% increase in North America. Revenue growth from its European properties was principally driven by favorable foreign exchange rates. North American results reflected higher revenues from U.S. billboards, driven by an increase in the number of displays, partially offset by lower revenues from the U.S. transit business, due to a decrease in the number of displays and in the average per unit rate, and lower revenues from billboards in Mexico. Approximately 43% of Outdoor revenues were generated from international regions, principally Europe, in 2003 compared with 41% in 2002.

For 2003, Outdoor operating income decreased 5% to \$207.9 million as the revenue increase was more than offset by a 9% increase in total expenses principally due to higher billboard lease costs and sales-related expenses as well as in transit guarantees and posting rotation expenses due to shorter campaigns. Total expenses, as a percentage of revenues, increased one percentage point for the year.

2002 vs. 2001

For 2002, Outdoor revenues decreased 1% to \$1.6 billion due to weakness in the outdoor advertising market during the first half of 2002. The decline in revenues reflected a 5% decrease in domestic revenues, partially offset by a 4% increase in revenues from its European properties. Approximately 41% and 40% of Outdoor's revenues were generated from international regions, principally Europe, for 2002 and 2001, respectively.

Outdoor operating income for 2002 increased to \$218.0 million from an operating loss of \$90.6 million, as goodwill and intangible assets with indefinite lives are no longer amortized upon adoption of SFAS 142 on January 1, 2002. Operating income also reflected higher guarantee payments on transit contracts in 2002 versus 2001.

(Contributed 15% of consolidated revenues for the years ended December 31, 2003 and 2002 and 16% for the year ended December 31, 2001.)

Year Ended December 31,	2003	2002	2001
Revenues	\$ 4,101.3	\$ 3,680.1	\$ 3,626.8
Operating income (OI)	\$ 271.4	\$ 358.3	\$ 215.3
OI as a % of revenues	7%	10%	6%
Depreciation and amortization	\$ 129.7	\$ 120.7	\$ 182.8
Capital expenditures	\$ 66.4	\$ 74.6	\$ 54.9

2003 vs. 2002

For 2003, Entertainment revenues increased 11% to \$4.1 billion principally reflecting higher Features, Theaters and Consumer Publishing revenues. Approximately 37% of Entertainment's revenues were generated from international regions, principally Europe and Canada.

Features revenues were higher principally due to increased worldwide home entertainment, theatrical and pay television revenues, partially offset by lower network revenues. Worldwide home entertainment revenues included contributions from THE ADVENTURES OF INDIANA JONES—THE COMPLETE DVD MOVIE COLLECTION, HOW TO LOSE A GUY IN 10 DAYS, THE ITALIAN JOB and LARA CROFT TOMB RAIDER: THE CRADLE OF LIFE. Domestic theatrical revenues were lower than the prior year due in part to fewer titles in domestic theatrical release. Foreign theatrical revenues were higher than the prior year primarily due to contributions from HOW TO LOSE A GUY IN 10 DAYS, LARA

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CROFT TOMB RAIDER: THE CRADLE OF LIFE and THE ITALIAN JOB. Pay television revenues were higher while network revenues were lower compared to the prior year, both reflecting a change in the mix of titles available.

Theaters revenues increased 12% principally due to the benefit of favorable foreign currency translation, higher average admission prices and increased per capita spending, which more than offset a decline in attendance.

Parks revenues increased slightly for the year primarily due to a 1% increase in average per capita spending and the benefit of favorable foreign currency translation, partially offset by a 2% decline in attendance.

Publishing revenues increased 3% on the strength of its top-selling titles for the year which included "THE ULTIMATE WEIGHT SOLUTION" by Dr. Phil McGraw, "LIVING HISTORY" by Hillary Rodham Clinton and "THE DARK TOWER V (WOLVES OF THE CALLA)" by Stephen King.

For 2003, Entertainment operating income decreased 24% to \$271.4 million, as the revenue increases noted above were more than offset by increased Features distribution and film amortization costs. Total expenses, as a percentage of revenues, increased three percentage points.

License fees for television exhibition of completed motion pictures are recorded as revenue in the period that the products are available for such exhibition, which, among other reasons, may cause substantial fluctuation in operating results. Unrecognized revenues attributable to such licensing agreements were approximately \$1.2 and \$1.3 billion as of December 31, 2003 and 2002, respectively, including intercompany revenues of \$281.1 million and \$303.7 million.

2002 vs. 2001

For 2002, Entertainment revenues increased 1% to \$3.7 billion principally reflecting higher Publishing, Theaters and Features revenues, partially offset by lower Parks revenues. Approximately 33% of Entertainment's revenues were generated from international regions, principally Europe and Canada.

Features revenues were slightly higher principally due to higher network television, domestic home video, domestic syndication and pay television revenues, which were partially offset by lower worldwide theatrical, foreign syndication, foreign pay television and foreign home video revenues. Domestic theatrical revenues primarily included contributions from the theatrical release of THE SUM OF ALL FEARS, WE WERE SOLDIERS, JACKASS THE MOVIE, CHANGING LANES and STAR TREK NEMESIS. Worldwide home video revenues were higher than last year's revenues including contributions from VANILLA SKY, JIMMY NEUTRON: BOY GENIUS, THE SUM OF ALL FEARS and WE WERE SOLDIERS. Worldwide home video revenues included increases from the growth in demand for current releases and library titles in the DVD format and an overall decline in the demand for the VHS format.

Theaters revenues increased 7% due to higher average admission prices, higher attendance and increased per capita concession spending. Attendance in 2002 increased 3% compared with the prior year. Average admission prices and per capita concession spending both increased 5% over the prior year.

Publishing revenues increased 4% primarily due to income from new distribution agreements and higher sales in the Adult Group and Children's Book and Audio Divisions. The top-selling titles for 2002 included "FROM A BUICK 8" by Stephen King, "SELF MATTERS" by Dr. Phil McGraw and "EVERYTHING'S EVENTUAL" also by Stephen King.

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For 2002, Entertainment operating income increased 66% to \$358.3 million as goodwill and intangible assets with indefinite lives are no longer amortized upon adoption of SFAS 142 on January 1, 2002. Operating income benefited from the revenue increases noted above and from lower development and overhead costs at Features and lower depreciation expense at Theaters.

Video (Home videocassette, DVD and video game rental and retail operations)

(Contributed 22% of consolidated revenues for the year ended December 31, 2003, 23% for the year ended December 31, 2002 and 22% for the year ended December 31, 2001.)

Year Ended December 31,	2003	2002	2001
Revenues	\$ 5,911.7	\$ 5,565.9	\$ 5,156.7
Operating income (OI)	\$ (847.8)	\$ 355.8	\$ (219.6)
OI as a % of revenues	NM	6%	NM
Depreciation and amortization	\$ 257.9	\$ 233.8	\$ 423.7
Capital expenditures	\$ 176.8	\$ 140.6	\$ 93.1

NM—Not meaningful

2003 vs. 2002

For 2003, Video revenues increased 6% to \$5.9 billion as a result of growth in rental and retail revenues. International revenues accounted for 26% of total revenues with 62% from Europe and 20% from Canada.

The following is a summary of revenues by category:

Year Ended December 31,	2003	Percentage of Total	2002	Percentage of Total	2001	Percentage of Total
Rental	\$ 4,533.5	77%	\$ 4,460.4	80%	\$ 4,314.7	84%
Retail	1,281.6	22	1,019.7	18	735.2	14
Other	96.6	1	85.8	2	106.8	2
Total revenues	\$ 5,911.7	100%	\$ 5,565.9	100%	\$ 5,156.7	100%

The increase in revenues was primarily due to a net increase of 198 company-operated stores, favorable exchange rates and the fourth quarter of 2002 acquisitions of GameStation, Inc., a leading games retailer in the United Kingdom, and the remaining interest in joint venture stores in Italy. Worldwide same store revenues decreased 2.2% as a result of a 3.6% decrease in worldwide same store rental revenues, partially offset by a 3.7% increase in worldwide same store retail revenues. The decline in worldwide same store rental revenues was primarily the result of a weaker market worldwide. While the rental market slowed during 2003, retail demand for DVDs and games continued to increase and Blockbuster capitalized on this growth during the first half of 2003. The growth in same store retail revenues slowed during the second half of 2003 as Blockbuster competed against strong same store sales growth in the prior year. During the third and fourth quarters of 2002, Blockbuster implemented several promotions to increase demand for retail product. These initiatives were reduced in 2003 in order to focus on improving profitability.

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Rental Revenues

For 2003, rental revenues increased 1.6% to \$4.5 billion due primarily to increases in movie rental revenues, offset slightly by decreased game rental revenues. The following is a summary of rental revenues by product category:

Year Ended December 31,	2003	Percentage of Total	2002	Percentage of Total	2001	Percentage of Total
Movie rental:						
VHS	\$ 1,435.7	32%	\$ 2,190.1	49%	\$ 3,057.8	71%
DVD	2,599.7	57	1,741.0	39	799.1	18
Total movie rental	4,035.4	89	3,931.1	88	3,856.9	89
Game rental	498.1	11	529.3	12	457.8	11
Total rental revenues	\$ 4,533.5	100%	\$ 4,460.4	100%	\$ 4,314.7	100%

The increase in rental revenues was primarily due to a net increase of 198 company-operated stores, favorable exchange rates and the fourth quarter of 2002 acquisition of the remaining interest in joint venture stores in Italy, partially offset by a 3.6% decrease in worldwide same store rental revenues, driven by decreases in both movies and games. The decrease in same store rental revenues was the result of a generally weaker rental market and increased competition from retail DVD sales as compared to prior year. Domestic operations represented 78.6% of rental revenues in 2003 as compared with 81.8% in 2002. Blockbuster's rental revenues are generated from the rental of VHS tapes, DVDs, video games and from any eventual sale of previously rented VHS tapes, DVDs and video games. Revenues generated from rental transactions include revenues received in connection with the initial rental of product, as well as revenues related to any continuations of such rentals past the initial rental period, as contemplated by Blockbuster's membership agreement.

Blockbuster believes the decline in same store rental revenues was in line with the overall industry, reflecting a softening in the movie rental industry during the fourth quarter of 2003 and increased competition from retail DVD sales. Based upon Blockbuster's belief that the size of the video rental market has contracted as a result of the competition from DVD sell-through, simultaneous availability of rental and retail product and availability of other home video distribution channels, they expect the market to continue to decline slightly in the coming year.

Retail Revenues

For 2003, retail revenues increased 26% to \$1.3 billion due to increases in both movie and game sales. The following is a summary of retail revenues by product category:

Year Ended December 31,	2003	Percentage of Total	2002	Percentage of Total	2001	Percentage of Total
Movie sales:						
VHS	\$ 65.2	5%	\$ 128.8	13%	\$ 167.9	23%
DVD	516.4	40	370.4	36	178.8	24
Total movie sales	581.6	45	499.2	49	346.7	47
Game sales	305.0	24	164.7	16	31.0	4
General retail	395.0	31	355.8	35	357.5	49
Total retail revenues	\$ 1,281.6	100%	\$ 1,019.7	100%	\$ 735.2	100%

Retail revenues continued to grow as a percentage of total revenues during 2003, representing 21.7% of total revenues in 2003, compared with 18.3% of total revenues in 2002. The increase in overall retail

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revenues was primarily the result of the acquisition in the fourth quarter of 2002 of GameStation, Inc., favorable exchange rates and an increase in company-operated stores. In addition, worldwide same store retail revenues increased 3.7% driven by increases across all categories. Overall, retail revenue growth reflected an increase in units sold, both for movies and games, as well as an increase in the average unit price for movies due to a higher DVD mix, partially offset by a lower average unit price for games.

In the fourth quarter of 2003, Blockbuster recorded a non-cash charge of approximately \$1.3 billion resulting from the application of SFAS 142 and SFAS 144 to reduce the carrying value of its goodwill and other long-lived assets which resulted in an operating loss of \$847.8 million for full year 2003. The impact of the charge more than offset the increase in gross profit that was driven by the overall growth in revenues and gross margin to 59.6% in 2003 from 57.6% in 2002, with both rental and retail gross margins improving year-over-year.

Blockbuster ended 2003 with 8,867 worldwide company-owned and franchise stores, a net increase of 198 company-operated stores and 124 franchise stores over December 31, 2002. Viacom currently owns approximately 81.5% of Blockbuster (NYSE: BBI).

2002 vs. 2001

For 2002, Video revenues increased 8% to \$5.6 billion from \$5.2 billion principally driven by an increase of 5.1% in worldwide same store revenues and a net increase of 495 company-operated stores from December 31, 2001 to December 31, 2002. Domestic revenues increased 7% while international revenues increased 13%. International revenues represented approximately 21% of Video revenues, with approximately 55% from Europe and 23% from Canada. Worldwide same store revenues, which includes rental and retail product, increased 5.1% primarily resulting from 32.6% growth in same store retail revenues, and 0.9% growth in same store rental revenues over the prior year. Domestic and international same store revenues increased 4.9% and 6.0%, respectively. Blockbuster ended 2002 with 8,545 worldwide company-owned and franchise stores, a net increase of 495 company-operated stores and 69 franchise stores over December 31, 2001.

For 2002, Video operating income increased to \$355.8 million from a loss of \$219.6 million as goodwill and intangible assets with indefinite lives are no longer amortized upon adoption of SFAS 142 on January 1, 2002. The improvement in operating income was also due to the charge reflected in 2001 results as described below. Blockbuster recorded a reserve of \$18.7 million in the fourth quarter of 2002 for lease obligations related to Wherehouse Entertainment Inc., which filed for bankruptcy in January 2003. Blockbuster had previously agreed to indemnify the Company with respect to these lease guarantees. The Company has accounted for these reserves in discontinued operations and the \$18.7 million had no impact on the Company's operating results for 2002.

During the third quarter of 2001, Blockbuster began implementation of a strategic re-merchandising plan to allow for an expansion of store space for DVD and other strategic product offerings, which it completed by December 31, 2001. In connection with its plan, Blockbuster disposed of approximately 30% of its rental VHS library in its stores, certain VHS merchandise inventory primarily located in its distribution center and certain games from its rental library in its stores. The net book value of the eliminated inventory, net of proceeds, resulted in a primarily non-cash charge of approximately \$195.9 million to operating expenses in the Company's Consolidated Statements of Operations. Blockbuster also recorded a charge of approximately \$26.9 million in selling, general and administrative expenses, primarily related to employee, labor and supply and disposal costs to execute the plan. Additionally, \$2.6 million was charged to depreciation expense for the write-off of fixed assets and \$1.9 million was charged below operating income to equity in loss of affiliated companies for the adoption of a similar re-merchandising plan at one of Blockbuster's joint venture operations. The plan was completed by the end of 2001 through the destruction or sale of the identified items.

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Also, during the third quarter of 2001, Blockbuster recorded approximately \$27.6 million in selling, general and administrative expenses related to two lawsuits.

The amounts described above, including \$141.7 million recorded as the change in accounting estimates for rental inventory, represented the 2001 pre-tax charge of approximately \$396.6 million.

Financial Position

Current assets increased 8% to \$7.7 billion at December 31, 2003 from \$7.2 billion at December 31, 2002 primarily due to an increase of \$615.3 million in accounts receivable and an increase of \$219.3 million in cash and cash equivalents, partially offset by a decrease in other current assets of \$133.4 million. The increase in accounts receivable was driven primarily by higher fourth quarter revenues from Entertainment as well as increased advertising and affiliate revenues at MTV Networks. Also contributing to this increase was the acquisition of the remaining 50% interest in Comedy Central, as well as the timing of customer payments. The allowance for doubtful accounts as a percentage of receivables was 6.4% at December 31, 2003 compared with 7.0% at December 31, 2002. This decrease reflected improved receivable aging at the end of 2003 and favorable customer settlements during the year.

Net property and equipment decreased \$120.7 million to \$6.0 billion at December 31, 2003 from \$6.1 billion at December 31, 2002 primarily reflecting depreciation expense of \$896.8 million partially offset by capital expenditures of \$534.4 million, foreign currency translation adjustments of \$158.8 million and the addition of capital leases of \$80.3 million. Goodwill of \$57.1 billion decreased \$59.5 million from December 31, 2002, reflecting the \$1.3 billion non-cash charge related to Blockbuster's goodwill, partially offset by additional goodwill resulting from acquisitions, primarily the remaining 50% interest in Comedy Central.

Current liabilities increased \$238.8 million to \$7.6 billion primarily due to increases of \$159.7 million in income taxes payable and \$195.4 million in participants' share, residuals and royalties payable, primarily for feature films. These increases were partially offset by a decrease in accounts payable of \$122.3 million, primarily relating to purchases made by Blockbuster at the end of 2002. Total debt, including current maturities, decreased \$524.7 million to \$9.9 billion at December 31, 2003 principally reflecting the use of cash from operations to reduce outstanding debt. Minority interest of \$627.0 million at December 31, 2003 decreased \$218.2 million from \$845.2 million at December 31, 2002 reflecting the impact on minority owners of the write-down of Blockbuster's goodwill, as well as the purchases of Blockbuster Class A common stock in 2003 in order to maintain Viacom's consolidated tax position with Blockbuster.

Cash Flows

Operating Activities. Net cash flow from operating activities of \$3.5 billion for the year ended December 31, 2003 principally reflected net earnings of \$1.4 billion adjusted for non-cash charges of \$1.3 billion and depreciation and amortization of \$999.8 million. Additionally, operating cash flow reflected increases in participation liabilities and decreases in other assets offset by increases in receivables noted above and payments of accounts payable. The reduction in accounts payable was largely attributable to the purchases of merchandise inventory by Blockbuster at the end of 2002. Operating cash flow also benefited from the tax benefit associated with the exercise of employee stock options of \$77.1 million. Net cash flow from operating activities of \$3.1 billion for the year ended December 31, 2002 principally reflected net earnings of \$725.7 million adjusted for non-cash charges of \$1.5 billion for the adoption of SFAS 142 and depreciation and amortization of \$945.6 million. Additionally, operating cash flow benefited from the utilization of deferred tax assets of \$655 million and from the tax benefit associated with the exercise of employee stock options of \$210.3 million. These increases were partially offset by an additional investment in Blockbuster's merchandise and rental inventory and increased program rights for television series and sports. Net cash flow from operating activities of \$3.5 billion for the year ended December 31, 2001 principally reflected a net loss of \$223.5 million adjusted for depreciation and amortization of

\$3.1 billion, and for the 2001 Blockbuster, MTVN and UPN charges plus decreases in accounts receivable, partially offset by payments of accrued expenses and accounts payable.

Cash paid for income taxes of \$933.9 million for 2003 was higher than 2002 payments of \$630.1 million principally due to higher operating income (excluding the non-cash impairment charge) as well as the absence of 2002 non-recurring items. The Company anticipates that higher operating income and the absence of non-recurring tax attributes in 2004 will result in an increase in cash payments for taxes of approximately \$500 million to \$700 million over 2003 levels.

While the Company does not have direct access to Blockbuster's cash flow, should the Company complete the divestiture of Blockbuster in 2004, the Company's operating cash flow would decrease by the amount of their cash flow. For the year ended December 31, 2003, Blockbuster's operating cash flow was approximately 17% of the Company's consolidated cash flow.

Investing Activities. Net cash expenditures for investing activities of \$1.9 billion for the year ended December 31, 2003 principally reflected acquisitions of \$1.3 billion, capital expenditures of \$534.4 million principally for video stores, broadcasting equipment and outdoor advertising structures and additional investments of \$40.0 million in affiliated companies. Acquisitions primarily consisted of the acquisition of the remaining 50% interest in Comedy Central, as well as Outdoor's acquisition of a billboard operator in Puerto Rico and the purchase of \$62.3 million of Blockbuster Class A stock by the Company in order to maintain its ownership interest of at least 80% for tax consolidation purposes. These expenditures were partially offset by proceeds from dispositions of certain investments and fixed assets totaling \$47.3 million. Net cash expenditures for investing activities of \$1.5 billion for the year ended December 31, 2002 principally reflected capital expenditures of \$537.1 million, additional investments of \$60.8 million in affiliated companies and acquisitions of \$926.0 million primarily reflecting the acquisition of KCAL-TV and the remaining interest in Noggin that the Company did not already own. Activity in 2002 also reflected Blockbuster's acquisition of the remaining 51% interest in an Italy joint venture and the acquisition of a games retailer in the United Kingdom. During 2002, the Company acquired shares of Blockbuster's Class A common stock for \$11.2 million. These expenditures were partially offset by proceeds from dispositions of certain investments and fixed assets totaling \$72.2 million. Net cash expenditures for investing activities of \$1.2 billion for the year ended December 31, 2001 principally reflected the acquisitions of BET and outdoor businesses and capital expenditures of \$515.4 million partially offset by proceeds from dispositions of radio stations and other assets.

Capital expenditures for 2004 are anticipated to be approximately \$700 million. The increase over 2003 levels is primarily to support Blockbuster's various revenue and profitability growth initiatives, as well as systems and infrastructure improvements. The Company spent \$534.4 million during 2003. Capital expenditures are funded with cash flows from operations.

Financing Activities. Net cash flow used for financing activities of \$1.4 billion for the year ended December 31, 2003 principally reflected the purchase of Company stock for \$945.1 million, repayment of notes and debentures of \$771.2 million and the net repayment of bank debt, including commercial paper, of \$472.1 million, including payments of financing costs. In addition, the Company paid \$104.6 million in dividends to stockholders in the fourth quarter of 2003. These uses were partially offset by proceeds from the issuance of notes of \$736.5 million, net of financing costs, and from the exercise of employee stock options of \$263.3 million. Net cash flow used for financing activities of \$1.8 billion for the year ended December 31, 2002 principally reflected the repayment of notes and debentures of \$1.0 billion, the net repayment of bank debt, including commercial paper, of \$1.2 billion, and the purchase of Company stock for \$1.1 billion. These uses were partially offset by proceeds from the issuance of notes of \$1.3 billion and from the exercise of employee stock options of \$357.6 million. Net cash flow used for financing activities of \$2.5 billion for the year ended December 31, 2001 reflected the net repayment of debt for \$1.6 billion and the purchase of Company stock for \$1.1 billion, partially offset by proceeds from the exercise of employee stock options of \$184.6 million.

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In 2004, the declarations of a \$.06 per share quarterly dividend would result in an annual payment to Viacom's stockholders of approximately \$420 million. On January 28, 2004, the Company's Board of Directors declared a \$.06 per share quarterly dividend payable April 1, 2004 to Viacom's stockholders of record at the close of business on February 27, 2004.

Stock Purchase Program

During 2003, on a trade date basis, the Company purchased approximately 23.6 million shares of its Class B Common Stock for approximately \$981.4 million under its stock purchase programs, of which \$545.3 million was spent in the fourth quarter for 13.3 million shares. As of December 31, 2003 there was approximately \$1.9 billion remaining under the current \$3.0 billion purchase program. From January 1 through March 10, 2004, the Company purchased an additional 8.2 million shares for approximately \$336.6 million. During 2002, on a trade date basis, the Company purchased approximately 27.8 million shares of its Class B Common Stock for approximately \$1.2 billion under its stock purchase programs, of which \$350.7 million was spent in the fourth quarter of 2002 for 8.1 million shares.

Acquisitions

On May 22, 2003, the Company acquired the remaining 50% interest in Comedy Central that it did not own for \$1.2 billion in cash. Comedy Central's results have been consolidated as part of Cable Networks, effective from the date of acquisition. The excess purchase price over the fair value of the tangible net assets acquired of approximately \$1.1 billion was allocated to goodwill. The final allocation of the purchase price will be based on comprehensive final evaluations of the fair value of Comedy Central's assets acquired and liabilities assumed.

On May 15, 2002, the Company acquired the assets of KCAL-TV Los Angeles for approximately \$650 million. During 2002, the Company also acquired the remaining 50% interest in Noggin, the 24-hour digital network for kids that it did not already own for approximately \$100 million. Blockbuster acquired the 51% interest that it did not already own in a joint venture in Italy and also acquired a games retailer in the United Kingdom for approximately \$82.4 million in the aggregate in 2002.

Capital Structure

At December 31,			
	2003		2002
Notes payable to banks	\$	107.2	\$ 423.7
Commercial paper		20.0	174.6
Senior debt		9,474.7	9,530.7
Senior subordinated debt		66.3	56.1
Other notes		26.0	28.6
Obligations under capital leases		387.0	392.2
Total Debt		10,081.2	10,605.9
Less current portion		196.3	199.0
Less discontinued operations debt (a)		201.7	201.7
Total Long-Term Debt	\$	9,683.2	\$ 10,205.2

(a) Included in "Other liabilities" on the consolidated balance sheets.

Total debt of \$10.1 billion at December 31, 2003 and \$10.6 billion at December 31, 2002 was 13.8% and 14.5%, respectively, as a percentage of total capitalization of the Company.

The senior debt of Viacom Inc. is fully and unconditionally guaranteed by its wholly owned subsidiary Viacom International Inc. The senior debt and senior subordinated debt of the Company's wholly owned

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subsidiaries, CBS Broadcasting Inc. and Go Outdoor Systems Holdings S.A., respectively, are not guaranteed; the aggregate outstanding amount of such debt at December 31, 2003 was \$118.5 million.

The Company's total debt presented above includes, for the year ended December 31, 2003 and December 31, 2002, respectively, (i) an aggregate unamortized premium of \$41.4 million and \$49.5 million and (ii) the net change in the carrying value of the debt relating to fair value swaps of \$48.2 million and

\$86.2 million.

For the years ended December 31, 2003 and 2002, the following debt issuances, maturities and redemptions occurred:

Debt Issuances

May 14, 2003, \$300.0 million 4.625% senior notes due 2018
May 14, 2003, \$450.0 million 5.50% senior debentures due 2033
August 28, 2002, \$600.0 million 5.625% senior notes due 2012
April 25, 2002, \$700.0 million 5.625% senior notes due 2007

Interest on all of the above debt instruments is paid semi-annually.

Debt Maturities

September 1, 2003, 6.875% notes, \$275.0 million
January 15, 2003, 6.75% senior notes, \$333.8 million
June 15, 2002, 8.375% notes, \$321.8 million
January 15, 2002, 7.50% senior notes, \$250.0 million
January 1, 2002, 7.625% senior notes, \$143.0 million

Debt Redemptions

July 15, 2003, \$150.0 million 7.50% senior debentures due 2023 at 103.6% of principal
August 1, 2002, \$239.5 million 8.25% senior debentures due 2022 at 103.5% of principal
June 15, 2002, \$2.6 million 8.875% senior subordinated notes due 2007 at 104.4% of principal
June 1, 2002, \$31.1 million 8.875% senior debentures due 2022 at 104.1% of principal
January 15, 2002, \$18.7 million 11.375% subordinated exchange debentures due 2009 at 105.7% of principal

For the years ended December 31, 2003 and 2002, the Company repurchased approximately \$1.0 million and \$55.0 million of its debt, respectively.

The Company's scheduled maturities of long-term debt at face value, excluding commercial paper and capital leases, outstanding at December 31, 2003 were as follows:

	Year of Maturity							2009 and thereafter
	2004	2005	2006	2007	2008			
Long-term debt	\$ 126.1	\$ 1,472.8	\$ 801.7	\$ 700.2	\$.2	\$	\$	6,483.6

Viacom Credit Agreement

As of December 31, 2003, the Company's credit facilities, excluding Blockbuster's credit facility, totaled \$4.65 billion comprised of a \$1.7 billion 364-day revolving facility due February 2004, a \$1.45 billion revolving facility due May 2005 and a \$1.5 billion revolving facility due March 2006 (collectively, the "Credit Facilities"). In February 2004, the Company entered into a \$3.0 billion 5-year credit facility which replaced the \$1.7 billion and \$1.45 billion facilities. The terms and conditions of the \$3.0 billion facility are substantially similar to the \$1.5 billion facility. The Company, at its option, may also borrow in certain foreign currencies up to specified limits under the \$3.0 billion and \$1.5 billion facilities. Borrowing rates under the facilities are determined at the Company's option at the time of each borrowing and are based generally on the prime rate in the United States or the London Interbank Offer Rate ("LIBOR") plus a margin based on the Company's senior unsecured debt rating. The Company pays a facility fee based on the total amount of the commitments. As of December 31, 2003, the Company had unused revolving credit facilities, excluding Blockbuster's credit facility, of \$4.41 billion in the aggregate.

The facilities contain covenants, which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2003, the Company was in compliance with all covenants under the Credit Facilities.

The primary purpose of the credit facilities is to support commercial paper borrowings. At December 31, 2003, the Company had commercial paper borrowings of \$20.0 million under its \$4.65 billion commercial paper program. The Company's credit facilities supporting the commercial paper borrowings totaled \$4.5 billion in February 2004. Borrowings under the program have maturities of less than a year.

At December 31, 2003, the Company had classified approximately \$21.6 million of commercial paper and other debt scheduled to mature within the next twelve months as long-term debt, reflecting its intent and ability, through the existence of unused revolving credit facilities, to refinance this debt on a long-term basis.

Blockbuster Credit Agreement

As of December 31, 2003, Blockbuster's credit agreement (the "Blockbuster Credit Agreement") was comprised of a \$600.0 million long-term revolver due July 1, 2004 and a \$100.0 million term loan due in quarterly installments ending July 1, 2004. Blockbuster had \$600.0 million of available borrowing capacity under the long-term revolver at December 31, 2003. Interest rates under the Blockbuster Credit Agreement are based on the prime rate in the United States or LIBOR (plus a margin, or "LIBOR spread," based on leverage ratios, which is currently 1.25%) at Blockbuster's option at the time of borrowing. The weighted-average interest rate at December 31, 2003 for borrowings under the Blockbuster Credit Agreement was 2.4%. A variable commitment fee based on the total leverage ratio is charged on the unused amount of the revolver (0.25% at December 31, 2003).

The Blockbuster Credit Agreement contains certain restrictive covenants, which, among other things, relate to the payment of dividends, purchase of Blockbuster's common stock or other distributions and also require compliance with certain financial covenants with respect to a maximum leverage ratio and a minimum fixed charge coverage ratio. At December 31, 2003, Blockbuster was in compliance with all covenants under the Blockbuster Credit Agreement.

Accounts Receivable Securitization Programs

As of December 31, 2003 and December 31, 2002, the Company had an aggregate of \$1.0 billion and \$981.9 million, respectively, outstanding under revolving receivable securitization programs. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable and debt on the Company's consolidated balance sheets. The Company enters into these arrangements because they provide an additional source of liquidity. Proceeds from the programs were used to reduce outstanding borrowings. The terms of the revolving securitization

arrangements require that the receivable pools subject to the programs meet certain performance ratios. As of December 31, 2003, the Company was in compliance with the required ratios under the receivable securitization programs.

Liquidity and Capital Resources

The Company believes that its operating cash flow (\$3.5 billion in 2003), cash and cash equivalents (\$850.7 million at December 31, 2003), borrowing capacity under committed bank facilities (which consisted of unused revolving credit facilities, excluding Blockbuster's credit facility, of \$4.41 billion in the aggregate at December 31, 2003), and access to capital markets are sufficient to fund its operating needs, including commitments and contingencies, capital and investing commitments and its financing requirements for the foreseeable future. The funding for commitments to purchase sports programming rights, television and film operations, and talent contracts will come primarily from cash flow from operations.

The Company continually projects anticipated cash requirements, which include capital expenditures, share purchases, acquisitions, dividends and principal payments on its outstanding indebtedness, as well as cash flows generated from operating activity available to meet these needs. Any net cash funding requirements are financed with short-term borrowings (primarily commercial paper) and long-term debt. Commercial paper borrowings, which also accommodate day-to-day changes in funding requirements, are backed by committed bank facilities that may be utilized in the event that commercial paper borrowings are not available. The Company's strong credit position, which is reflected by an A-/A3 rating, affords access to the capital markets. The Company anticipates that scheduled debt maturities in 2004 will be funded with cash and cash equivalents and cash flows generated from operating activities. There are no provisions in any of the Company's material financing agreements that would cause an acceleration of the obligation in the event of a downgrade in the Company's debt ratings.

The Company filed a shelf registration statement with the Securities and Exchange Commission registering debt securities, preferred stock and warrants of Viacom that may be issued for aggregate gross proceeds of \$5.0 billion. The registration statement was first declared effective on January 8, 2001. The net proceeds from the sale of the offered securities may be used by Viacom for general corporate purposes, including repayment of borrowings, working capital and capital expenditures, or for such other purposes as may be specified in the applicable Prospectus Supplement. To date, the Company has issued \$2.385 billion of securities under the shelf registration statement.

For the year ended December 31, 2003, the Company had a total of \$759.8 million of long-term debt maturities, redemptions and repurchases and issued \$750 million of long-term debt. The long-term debt issuances maintained the Company's unused borrowing capacity and its financial flexibility.

As of December 31, 2003, the Company's significant contractual obligations, including payments due by period, were as follows:

	Payments Due by Period				
	Total	2004	2005-2006	2007-2008	2009 and thereafter
Programming and talent commitments (1)	\$ 13,199.2	\$ 3,555.8	\$ 3,972.2	\$ 2,152.2	\$ 3,519.0
Operating leases (2)	5,436.8	972.0	1,546.1	1,016.9	1,901.8
Guaranteed minimum franchise payments (3)	1,453.5	424.5	620.3	204.7	204.0
Purchase obligations (4)	1,155.9	758.9	238.2	79.7	79.1
Capital lease obligations (including interest) (5)	508.6	102.2	161.7	116.6	128.1
Long-term debt obligations (6)	9,584.6	126.1	2,274.5	700.4	6,483.6
Other long-term liabilities (7)	1,763.5	—	1,458.0	192.1	113.4

- (1) Programming and talent commitments of the Company include \$8.2 billion for the acquisition of sports programming rights, \$3.2 billion relating to television, radio and feature film production and acquisitions and \$1.1 billion for talent contracts.
- (2) Includes long-term noncancelable operating lease commitments for retail and office space and equipment, transponders, studio facilities and vehicles.
- (3) Viacom's outdoor advertising business has franchise rights entitling it to display advertising on media including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage. Under most of these franchise agreements, the franchiser is entitled to receive the greater of a percentage of the relevant advertising revenues, net of advertising agency fees, or a specified guaranteed minimum annual payment.
- (4) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including open purchase orders.
- (5) Includes capital leases for satellite transponders and buildings.
- (6) Long-term debt obligations are presented at face value.
- (7) Long-term contractual obligations, including program liabilities and participations due to producers and residuals.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements primarily consist of the guarantees described below.

Guarantees

The Company owns a 50% equity interest in United Cinemas International ("UCI"), which operates movie theaters in Europe, Latin America and Asia. As of December 31, 2003, the Company guaranteed approximately \$291.9 million of UCI's debt obligations under a revolving credit facility, which expires in December 2004, and \$175.6 million of UCI's theater leases. The Company also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theatres LLC and guarantees certain theater leases for approximately \$13.2 million. The debt and lease guarantees would only be triggered upon non-payment by the respective primary obligors. These guarantees are not recorded on the balance sheet as of December 31, 2003.

Additionally, the Company has indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated \$348.0 million at December 31, 2003 and are not recorded on the balance sheet as of December 31, 2003.

The Company is also subject to certain off-balance sheet lease guarantees related to the divestitures of certain businesses. In October 1998, Blockbuster Music stores were sold to Wherehouse Entertainment Inc. ("Wherehouse"). Some of the leases transferred in connection with this sale had previously been guaranteed either by the Company or its affiliates. The remaining initial terms of these leases expire on various dates through 2007. However, certain leases contain renewal options that can

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extend the primary lease term and remain subject to the guarantee. Blockbuster had previously agreed to indemnify the Company with respect to any amount paid under these guarantees. On January 21, 2003, Wherehouse filed a petition for protection under Chapter 11 of U.S. bankruptcy law. Based on information regarding lease and guaranty expirations originally available to Blockbuster in connection with the Wherehouse bankruptcy, Blockbuster's estimated a contingent liability of approximately \$36.0 million. Of this amount Blockbuster recorded a reserve of \$18.7 million during the fourth quarter of 2002 which represented its estimate of the lease guarantee obligation at that time. During 2003, Blockbuster paid approximately \$8.2 million associated with the lease guarantee obligation. As of December 31, 2003, Blockbuster estimated its contingent liability for Wherehouse leases to be approximately \$12.6 million. Of this amount Blockbuster determined its reserve to be \$7.9 million and as a result Blockbuster reduced its original reserve by \$2.6 million. The Company had previously accounted for these reserves in discontinued operations.

Legal Matters

Asbestos and Environmental. The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. The Company is typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of the Company's products is the basis of a claim. Claims against the Company in which a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos-containing grades of decorative micarta, a laminate used in commercial ships.

Claims typically are both filed and settled in large groups, which makes the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of December 31, 2003, the Company had pending approximately 112,280 asbestos claims, as compared to approximately 103,800 as of December 31, 2002 and approximately 106,000 as of December 31, 2001. The 2002 and 2001 numbers of claims included approximately 1,100 claims and 7,100 claims, respectively, on inactive dockets in various states which would not be counted as pending under the Company's current methodology. Of the claims pending as of December 31, 2003, approximately 82,340 were pending in state courts, 27,400 in federal court and approximately 2,540 were third party claims. During 2003, the Company received approximately 36,990 new claims and closed or moved to an inactive docket approximately 28,500 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs (recovery) in 2003 and 2002 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$(8.7) million and \$28 million, respectively. A portion of such costs relates to claims settled in prior years. If proceeds received in 2003 from commuted insurance policies were excluded from the Company's total costs in 2003, the Company's total costs after insurance recoveries and net of tax benefits would have been \$56.6 million.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased primarily by exposure to asbestos, lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure, other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. Claims identified as cancer remain a small percentage of asbestos claims

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pending at December 31, 2003. In a substantial number of the pending claims, the plaintiff has not yet identified the claimed injury.

The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities and that these asbestos liabilities are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

The Company from time to time receives claims from federal and state environmental regulatory agencies and other entities asserting that it is or may be liable for environmental cleanup costs and related damages principally relating to discontinued operations conducted by companies acquired by the Company. In addition, the Company from time to time receives personal injury claims including toxic tort and product liability claims arising from historical operations of the Company and its predecessors.

Antitrust. In July 2002, judgment was entered in favor of the Company, Blockbuster, Paramount Home Entertainment and other major motion picture studios and their home video subsidiaries with respect to a complaint filed in the United States District Court for the Western District of Texas. The complaint included federal antitrust and California state law claims. In August 2003, the Fifth Circuit Court of Appeals affirmed the federal court judgment. The Supreme Court of the United States refused plaintiffs' petition for writ of certiorari in March 2004. In February 2003, a similar complaint that had been filed in a Los Angeles County Superior Court was also dismissed with prejudice. The plaintiffs have appealed the California state court dismissal, as well as a prior denial of class certification. The Company believes that the plaintiffs' positions in these litigations are without merit and intends to continue to vigorously defend itself in the litigations.

Blockbuster Securities Actions. During February and March 2003, putative class action complaints were filed against Blockbuster in the United States District Court for the Northern District of Texas. A director and certain officers of Blockbuster were also named as defendants. The remaining putative class actions have been consolidated into one action styled *In re Blockbuster Inc. Securities Litigation*, which is pending in the same court. The consolidated amended complaint, filed July 2003, claims violations of the Securities Exchange Act of 1934 for the time period approximately between February and December 2002. It also generally alleges that the defendants made untrue statements of material fact and/or omitted to disclose material facts about Blockbuster's business and operations, that the value of Blockbuster's common stock was therefore artificially inflated and that certain of the individual defendants sold shares of Blockbuster's common stock at inflated prices. The plaintiffs seek unspecified compensatory damages. In addition, three shareholder derivative actions were filed in February, March and April 2003, of which one is pending in federal court in Texas and two have been consolidated into one action in Texas state court, each arising from substantially similar operative facts. These shareholder derivative actions include claims for breach of fiduciary duties for various time periods beginning in February 2002 and name certain Blockbuster officers and directors, some of whom are directors and/or executive officers of the Company, as individual defendants, and Blockbuster as a nominal defendant. The Company and Blockbuster believe the plaintiffs' positions in all of these actions are without merit and Blockbuster intends to vigorously defend these matters.

Other. In December 2002, Buena Vista Home Entertainment, Inc. filed a complaint in the United States District Court for the Central District of California claiming that Blockbuster had breached the revenue-sharing agreement between the two parties. Buena Vista claims damages in excess of \$120 million. Blockbuster has answered and asserted counterclaims for reformation and breach of contract. On July 22, 2003, the California federal court granted Buena Vista's motion for partial summary judgment, stating in its ruling that a liquidated damages provision in the contract is enforceable. The court reaffirmed its ruling when it denied Blockbuster's motion for reconsideration in February 2004. Blockbuster has several remaining defenses to the claims asserted by Buena Vista. Blockbuster and the Company believe the plaintiff's position is without merit, and intend to vigorously defend this matter.

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Litigation is inherently uncertain and always difficult to predict. However, based on its understanding and evaluation of the relevant facts and circumstances, the Company believes that all of the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows.

Market Risk

The Company is exposed to market risk related to foreign currency exchange rates and interest rates. The Company uses derivative financial instruments to modify exposure to risks from fluctuations in foreign currency exchange rates and interest rates. In accordance with its policy, the Company does not use derivative instruments unless there is an underlying exposure and therefore, the Company does not hold or enter into financial instruments for speculative trading purposes.

Foreign Exchange Risk

The Company conducts business with companies in various countries outside the United States, resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. dollar. In order to hedge anticipated cash flows and foreign currency balances in such currencies as the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the Singapore Dollar and the Euro, foreign currency forward and option contracts are used. Additionally, the Company designates forward contracts used to hedge future production costs as cash flow hedges. The change in fair value of the non-designated contracts is included in current period earnings as part of "Other items, net". The Company manages the use of foreign exchange derivatives centrally. At December 31, 2003, the notional value of all foreign exchange contracts was \$296.9 million, of which \$12.0 million related to the hedging of future productions costs. The remaining \$284.9 million represents hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges. At December 31, 2002, the notional value of all foreign exchange contracts was \$266.0 million, of which \$49.0 million related to the hedging of future productions costs. The remaining \$217.0 million represented hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges.

Interest Rate Risk

The Company's interest expense is exposed to movements in short-term rates. Swap agreements are used to modify this exposure. This includes both fixed to variable rate swaps, which are designated as fair value hedges, and variable to fixed rate swaps, which are designed as cash flow hedges. Based on the amount of variable rate debt and receivable securitization programs outstanding at December 31, 2003, a 100 basis point change in interest rates would cause a \$23.8 million change to pre-tax earnings. As of December 31, 2003 if all parties were to agree, the swaps could have been terminated by a net payment from the counterparties of approximately \$47.6 million.

The Company has entered into cash flow swap agreements which effectively converted variable rate interest payments on commercial paper to a fixed rate. As of December 31, 2003, the notional amount outstanding relating to these agreements was approximately \$19.4 million and the swap agreements mature in September 2004. Interest is received based upon three-month LIBOR and is paid at approximately 5.07%. The amount of the ineffectiveness of these cash flow hedges that was reflected in earnings was immaterial.

The effective portion of the change in value of cash flow hedges is reported in other comprehensive income and reclassified into earnings in the same period in which the hedged transaction affects earnings. During the next twelve months, approximately \$.5 million will be amortized into earnings. The ineffective

portion of the hedges included in earnings was not material. The change in value of the fair value hedges and the hedged instruments is reported in earnings for the periods presented.

On May 14, 2003, the Company entered into additional \$300 million notional swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature on May 1, 2018 and the Company receives interest at approximately 4.55% and pays three-month LIBOR.

On April 25, 2002, the Company entered into additional \$700 million notional swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature on May 1, 2007 and the Company receives interest at approximately 5.11% on \$400 million and 5.35% on \$300 million, and pays three-month LIBOR.

During December 2001, the Company entered into \$750 million notional amount of swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. Of the \$750 million notional amount, \$225 million received interest at approximately 3.2% and was to mature on January 15, 2003 and \$275 million received interest at approximately 3.8% and was to mature on September 1, 2003. These swaps were terminated in November 2002 resulting in the Company receiving \$8.7 million in cash which was amortized into earnings over the remaining life of the respective debt. These fair value hedges were fully effective. The remaining \$250 million in notional amount matures on June 1, 2005 and receives interest at approximately 4.5%. These fair value hedges are fully effective. All the swaps paid or pay interest based on three-month LIBOR.

Credit Risk

The Company continually monitors its positions with, and credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not anticipate nonperformance by the counterparties.

The Company's receivables do not represent significant concentrations of credit risk at December 31, 2003 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

Related Parties

National Amusements, Inc. ("NAI") is a closely held corporation that beneficially owns the Company's Class A Common Stock, representing approximately 71% of the voting power of all classes of the Company's Common Stock, and approximately 11% of the Company's Class A Common Stock and Class B Common Stock on a combined basis at December 31, 2003. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Chairman of the Board of Directors and Chief Executive Officer of the Company.

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios including Paramount Pictures, a division of the Company. During the years ended December 31, 2003, 2002, and 2001, NAI made payments to Paramount Pictures in the aggregate amounts of approximately \$9.6 million, \$12.3 million and \$18.2 million, respectively.

NAI and Mr. Redstone owned in the aggregate approximately 30% of the common stock of Midway Games Inc. ("Midway") as of December 31, 2003. Midway sells home video games to Blockbuster and also places advertisements on various of the Company's cable networks from time to time. During the years ended December 31, 2003, 2002 and 2001, transactions with Midway totaled approximately \$9.9 million, \$12.2 million and \$3.8 million, respectively.

The Company owns a minority equity interest in Westwood One, Inc. ("Westwood One"). Most of Infinity's radio stations are affiliated with Westwood One, and Westwood One distributes nationally certain of the Company's radio programming. In connection with these arrangements, the Company receives affiliation fees as well as programming cost reimbursements and in certain instances, shares in revenue

from the sale by Westwood One of Infinity's programming. In addition, certain employees of Infinity serve as officers of Westwood One for which the Company receives a management fee. CBS Television and Cable Networks also enter into programming agreements with Westwood One. Revenues from these arrangements were approximately \$85.5 million, \$127.7 million and \$104.1 million in 2003, 2002 and 2001, respectively.

Recent Pronouncements

In May 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS 150 as of July 1, 2003 did not have any effect on the Company's financial position.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" which was replaced in December 2003 by the issuance of FIN 46R ("FIN 46R"). FIN 46R explains how to identify variable interest entities ("VIEs") and how a company should assess its interests in a variable interest entity to decide whether to consolidate that entity. FIN 46R requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. The provisions of FIN 46R are effective for special purpose entities (SPEs) as of December 31, 2003. The Company has completed its review of its special purpose entities under FIN 46R and has determined that the application of FIN 46R did not impact the Company's consolidated financial position or results of operations or cash flows. The provisions of FIN 46R must be applied to VIEs as of March 31, 2004. The Company is in the process of evaluating the impact, if any, the adoption of the remaining provisions of FIN 46R will have on the Company.

Critical Accounting Policies

Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies" ("FRR 60"), suggests companies provide additional disclosure and commentary on those accounting policies considered most critical. FRR 60 considers an accounting policy to be critical if it is important to the Company's financial condition and results of operations, and requires significant judgment and estimates on the part of management in its application. For a summary of the Company's significant accounting policies, including the critical accounting policies discussed below, see the accompanying notes to the consolidated financial statements.

The preparation of the Company's financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, which are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions. The following accounting policies require significant management judgments and estimates.

- Accounting for the production and distribution of motion pictures and television programming is in accordance with SOP 00-2, which requires management's judgment as it relates to total revenues to be received and costs to be incurred throughout the life of each program. These estimates are used to determine the amortization of capitalized production costs, expensing of participation and residual cost and any necessary net realizable value adjustments.
- The cost of Blockbuster's rental library, which includes videocassettes, DVDs and games, is amortized over periods ranging from 3 to 12 months to an estimated residual value of \$2 to \$5 per

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unit, according to the product category. The estimates for useful lives and residual values of the rental library are continually evaluated based on changes in consumer demand. Changes in demand or buying patterns may impact the carrying value of the rental library and rental margins. During 2001, Blockbuster changed the estimates regarding useful lives and residual values for videocassettes and game products, which resulted in inventory write-downs and increased amortization expense.

- The Company accounts for its business acquisitions under the purchase method of accounting. The total cost of acquisitions is allocated to the underlying net assets, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the tangible net assets acquired is recorded as intangibles. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives, and market multiples, among other items.
- In accordance with SFAS 142, the Company tests goodwill and other intangible assets for impairment during the fourth quarter of each year, and on an interim date should factors or indicators become apparent that would require an interim test. A significant downward revision in the present value of estimated future cash flows for a reporting unit could result in an impairment of goodwill under SFAS 142 and a non-cash charge would be required.
- Balance sheet reserves and liabilities related to taxes, legal issues, restructuring charges and discontinued businesses, including asbestos and environmental matters, require significant judgments and estimates by management. The Company continually evaluates these estimates based on changes in the relevant facts and circumstances and events that may impact estimates. While management believes that the current reserves for matters related to discontinued businesses, including environmental and asbestos are adequate, there can be no assurance that circumstances will not change in future periods.
- Pension benefit obligations and net periodic pension costs are calculated using many actuarial assumptions. Two key assumptions used in accounting for pension liabilities and expenses are the discount rate and expected rate of return on plan assets. The discount rate reflects the rate at which the pension benefit obligations could effectively be settled. The Company used investment grade corporate bond yields to support its discount rate assumption. The expected return on plan assets assumption was derived using the current and expected asset allocation of the pension plan assets and considering historical as well as expected returns on various classes of plan assets. For 2003, the unrecognized actuarial loss for pension plans decreased as a result of plan assets producing a return higher than the expected return due to the market conditions in 2003 partially offset by lowering the discount rate for the Company's major plans from 6.5% in 2002 to 6.0% in 2003. As of December 31, 2003, the total accumulated benefit obligations exceeded the fair value of the corresponding plan assets and therefore, the Company recorded a minimum pension liability of \$773.8 million. As of December 31, 2002, such pension liability was \$865.0 million.

Risk Factors

The risk factors listed below, in addition to those set forth elsewhere in this report, could affect the business and future results of the Company. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

- The Company derives substantial revenues from the sale of advertising on its over-the-air networks, basic cable networks, television stations, radio stations and outdoor businesses. The sale of advertising is affected by viewer demographics, viewer ratings and market conditions for advertising. Adverse changes to any of these factors, including as a result of acts of terrorism or war, could have a negative effect on revenues.

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- The Company's basic cable networks and premium subscription television networks are dependent upon affiliation agreements with cable and direct-to-home satellite services ("DTH") distributors on acceptable terms. The loss of carriage on such distributors, or continued carriage on less favorable terms, could adversely affect, with respect to basic cable networks, revenues from subscriber fees and the ability to sell advertising and, with respect to premium subscription television networks, subscriber fee revenues. In addition, continued consolidation among cable and/or DTH distributors and vertical integration of such distributors into the cable or broadcast network business, could have an adverse effect on subscriber fees and advertising revenues, as the Company's ability to launch new networks or maintain or obtain additional distribution for existing networks

is impacted by these factors.

- Operating results derived from the Company's motion picture and television production businesses fluctuate depending primarily upon cost of such productions and acceptance of such productions by the public, which are difficult to predict. Motion picture and television production has experienced cycles in which increased costs of talent, reduced availability of co-financing opportunities, and other factors have resulted in higher production costs. In addition, the commercial success of the Company's motion picture and television productions depends upon the quality and acceptance of other competing productions, and the availability of alternative forms of entertainment and leisure time activities.
- In accordance with SFAS 142, the Company tests goodwill and other intangible assets for impairment during the fourth quarter of each year, and on an interim date should factors or indicators become apparent that would require an interim test. A significant downward revision in the present value of estimated future cash flows for a reporting unit could result in an impairment of goodwill under SFAS 142 and a non-cash charge would be required. Such a charge could have a significant effect on the Company's reported net earnings.
- The Board of Directors of the Company has authorized pursuing the divestiture of Viacom's approximately 81.5% interest in Blockbuster, and the Company, while continuing to consider other alternatives, anticipates that the divestiture would be achieved through a tax-free split-off. The Company may determine, for market or other reasons, not to effectuate the divestiture of Blockbuster, or a split-off of Blockbuster, if it does occur, may be taxable. In addition, should the Company complete a divestiture of Blockbuster, if the fair value of Blockbuster at the date of divestiture were below book value, a loss would be recognized. Such a loss could have a significant effect on the Company's reported net earnings.
- While the Company seeks to ensure compliance with FCC indecency laws and regulations, the definition of "indecency" is subject to interpretation and there can be no assurance that employees of the Company will not make decisions resulting in the broadcast of programming that does not meet such standards. Such programming could subject the Company to regulatory review or investigation, fines, adverse publicity or other sanctions including the loss of station licenses.
- Technology developments, including digital copying and file compression, and the growing penetration of high-bandwidth Internet connections, increase the threat of content piracy by making it easier to duplicate and widely distribute pirated material. The Company takes actions to vigorously enforce its rights and protect its copyrighted materials and products, however there can be no assurance that it will be successful in preventing the distribution of pirated content. Increased piracy of the Company's copyrighted materials could negatively affect its operations and financial results.
- Advances in technologies such as personal video recorders and video-on-demand and changes in consumer behavior facilitated by these or other technologies could have an adverse effect on the Company's businesses, particularly its television and video businesses.

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- The Company has contingent liabilities related to discontinued businesses, including environmental liabilities, liabilities related to illnesses of former employees and other pending and threatened litigation. While the pending or threatened litigations and environmental and other liabilities should not have a material adverse effect on the Company, there can be no assurance in this regard.
 - The Company's home video retail business currently enjoys a competitive advantage over most other movie distribution channels, except theatrical releases, due to the early timing of the video retailer "distribution window." The video business could be negatively affected if the video retail distribution windows were no longer the first following the theatrical release; the length of the video retail distribution window were shortened; or the video retail distribution windows were no longer as exclusive as they are now. The Company believes that the studios have a significant interest in maintaining a viable video retail industry; however, the order, length and exclusivity of each window for each distribution channel is determined solely by the studio releasing the movie and the Company cannot predict the impact, if any, of any future decisions by the studios. Increased studio licensing of product to video-on-demand and similar services might impact their decisions with respect to the timing and exclusivity of the video retailer distribution window with possible adverse effect on the Video business.
 - The Company cannot control or predict with certainty studio pricing policies for DVD and VHS product. Current studio policies reducing the pricing of movies released to DVDs and an increasing percentage of VHS titles allow for an affordable sales price by the retailer to the consumer from the beginning of the home video distribution window. This lower "sell-through" pricing has led to increased competition from other retailers, including mass merchants and online retailers who are able to purchase DVDs for sale to consumers at the same time as traditional video retailers purchase both DVDs and videocassettes for rental. If sell-through pricing, increased competition and consumer interest in building personal DVD libraries cause consumers to increasingly desire to purchase rather than rent movies, the video business could be negatively affected if it is unable to increase rental market share, to replace profits from rentals with profits from sales of sell-through product, or to otherwise positively affect gross profits. In addition, if studios make future changes in their pricing policies, which could include pricing rental windows for DVDs or expanded exploitation by studios of any international copyright laws that allow studios to charge retailers more for DVD and VHS rental product than for sell-through product, the profitability of the video business could be negatively affected if it is unable to enter into arrangements with the studios that effectively balance copy depth and cost considerations.
 - The Company's operating results fluctuate due to the timing and availability of theatrical and home video releases, as well as the recording of license fees for television exhibition of motion pictures and for syndication and basic cable exhibition of television programming in the period that the products are available for such exhibition.
 - NAI, through its ownership of the Company's Class A common stock, has voting control of the Company. Sumner M. Redstone, the controlling shareholder of NAI, is the Chairman of the Board and Chief Executive Officer of the Company. NAI is in a position to control the outcome of corporate actions that require shareholder approval, including the election of directors, issuance of securities and transactions involving a change of control. During 2003, the Company entered into a new employment agreement with each of its Chief Executive Officer and Chief Operating Officer which addresses the specific responsibilities of each position. There can be no assurance that either of these executives will remain with the Company for the full term of his employment agreement. A departure of either of these executives, or of other key executives of the Company, could have an adverse effect on the Company.
 - In the operation of its businesses, the Company engages the services of writers, directors, actors and others, which are subject to collective bargaining agreements. Work stoppages and/or higher costs in connection with these agreements could adversely impact the Company's

- Changes in laws and regulations, including in particular FCC ownership and indecency rules, could, directly or indirectly, adversely affect the operations and ownership of the Company's properties.
- Some of the Company's businesses are seasonal. The home video rental and retail business and the consumer publishing business are subject to increased periods of demand coinciding with summer and winter holidays, while a substantial majority of the theme parks' operating income is generated from May through September. In addition, the home video and theme parks businesses' revenues are influenced by weather. The Company's radio and outdoor advertising businesses experience fluctuations based on the timing of advertising expenditures by retailers.

These risk factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed by the Company. Other unknown or unpredictable economic, business, competitive, regulatory or other factors also could have material adverse effects on the Company's future results.

Cautionary Statement Concerning Forward-Looking Statements

This document and the documents incorporated by reference into this Annual Report on Form 10-K including "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition," contain both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. These forward-looking statements generally can be identified by the use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will" or other similar words or phrases. Similarly, statements that describe the Company's objectives, plans or goals are or may be forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements. There may be additional risks, uncertainties and factors that the Company does not currently view as material or that are not necessarily known. The forward-looking statements included in this document are only made as of the date of this document and the Company does not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances. The Company cannot make any assurance that projected results or events will be achieved. The risk factors listed above, among others, could affect future results, causing these results to differ materially from those expressed in the Company's forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Response to this item is included in "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition—Market Risk."

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

Management has prepared and is responsible for the consolidated financial statements and related notes of Viacom Inc. They have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on judgments and estimates by management. All financial information in this annual report is consistent with the consolidated financial statements.

The Company maintains internal accounting control systems and related policies and procedures designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and properly recorded, and that accounting records may be relied upon for the preparation of consolidated financial statements and other financial information. The design, monitoring, and revision of internal accounting control systems involve, among other things, management's judgment with respect to the relative cost and expected benefits of specific control measures. The Company also maintains an internal audit function, which evaluates and reports on the adequacy and effectiveness of internal accounting controls, policies and procedures.

Viacom Inc.'s consolidated financial statements have been audited by PricewaterhouseCoopers LLP, independent auditors, who have expressed their opinion with respect to the presentation of these statements.

The Audit Committee of the Board of Directors, which is comprised solely of independent directors within the meaning of the NYSE rules and the Sarbanes-Oxley Act of 2002, meets periodically with the independent auditor, with our internal auditors, with our general counsel, as well as with management, to review accounting, auditing, internal accounting controls and financial reporting matters. The Audit Committee is also responsible for retaining the independent auditor for the coming year, subject to stockholder ratification. The independent auditor, the internal auditors and the general counsel have full and free access to the Audit Committee with and without management's presence.

VIACOM INC.

By: /s/ SUMNER M. REDSTONE

Sumner M. Redstone
Chairman of the Board of Directors
Chief Executive Officer

By: /s/ MEL KARMAZIN

Mel Karmazin
President
Chief Operating Officer

By: /s/ RICHARD J. BRESSLER

Richard J. Bressler
Senior Executive Vice President
Chief Financial Officer

By: /s/ SUSAN C. GORDON

Susan C. Gordon
Senior Vice President, Controller
Chief Accounting Officer

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Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and
Stockholders of Viacom Inc.

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Viacom Inc. and its subsidiaries (the "Company") at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" effective January 1, 2002 and, accordingly, the Company ceased amortizing goodwill and indefinite lived intangible assets as of that date.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
February 9, 2004

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VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	2003	Year Ended December 31, 2002	2001
Revenues	\$ 26,585.3	\$ 24,605.7	\$ 23,222.8
Expenses:			
Operating	16,253.7	14,865.1	14,463.8
Selling, general and administrative	4,374.7	4,198.3	4,092.4
Impairment and restructuring charges	1,331.3	—	119.4
Depreciation and amortization	999.8	945.6	3,087.0
Total expenses	22,959.5	20,009.0	21,762.6
Operating income	3,625.8	4,596.7	1,460.2
Interest expense	(776.0)	(848.3)	(969.2)
Interest income	14.8	15.8	30.6
Other items, net	(3.4)	(30.0)	254.7
Earnings before income taxes	2,861.2	3,734.2	776.3
Provision for income taxes	(1,599.0)	(1,448.9)	(919.9)
Equity in loss of affiliated companies, net of tax	(.6)	(39.5)	(127.0)
Minority interest, net of tax	173.8	(39.2)	47.1

Net earnings (loss) before cumulative effect of change in accounting principle		1,435.4		2,206.6	(223.5)
Cumulative effect of change in accounting principle, net of minority interest and tax		(18.5)		(1,480.9)	—
Net earnings (loss)	\$	1,416.9	\$	725.7	\$ (223.5)
Basic earnings (loss) per common share:					
Net earnings (loss) before cumulative effect of change in accounting principle	\$	.82	\$	1.26	\$ (.13)
Cumulative effect of change in accounting principle	\$	(.01)	\$	(.84)	\$ —
Net earnings (loss)	\$	.81	\$	.41	\$ (.13)
Diluted earnings (loss) per common share:					
Net earnings (loss) before cumulative effect of change in accounting principle	\$	.82	\$	1.24	\$ (.13)
Cumulative effect of change in accounting principle	\$	(.01)	\$	(.83)	\$ —
Net earnings (loss)	\$	.80	\$	.41	\$ (.13)
Weighted average number of common shares outstanding:					
Basic		1,744.0		1,752.8	1,731.6
Diluted		1,760.7		1,774.8	1,731.6
Dividends per common share	\$..12	\$	—	\$ —

See notes to consolidated financial statements.

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VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In millions, except per share amounts)

	2003	At December 31, 2002
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 850.7	\$ 631.4
Receivables, less allowances of \$295.5 (2003) and \$278.0 (2002)	4,336.3	3,721.0
Inventory (Note 6)	1,444.4	1,332.7
Deferred tax assets, net (Note 11)	69.0	238.6
Prepaid expenses	339.3	413.1
Other current assets	696.6	830.0
Total current assets	7,736.3	7,166.8
Property and Equipment:		
Land	751.1	780.0
Buildings	980.1	955.3
Capital leases	694.4	674.0
Advertising structures	2,244.3	2,128.9
Equipment and other	5,958.7	5,313.4
	10,628.6	9,851.6
Less accumulated depreciation and amortization	4,636.6	3,738.9
Net property and equipment	5,992.0	6,112.7
Inventory (Note 6)	4,587.2	4,527.0
Goodwill (Note 5)	57,056.8	57,116.3
Intangibles (Note 5)	12,411.8	12,482.6
Deferred tax assets, net (Note 11)	—	289.0
Other assets	2,064.4	2,348.8
Total Assets	\$ 89,848.5	\$ 90,043.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,053.9	\$ 1,176.2

Accrued expenses	1,926.5	1,883.9
Accrued compensation	682.7	653.4
Participants' share, residuals and royalties payable	1,162.2	966.8
Program rights	858.7	875.0
Deferred income	597.9	604.6
Income taxes payable	262.6	102.9
Current portion of long-term debt (Note 8)	196.3	199.0
Other current liabilities	844.0	884.2
Total current liabilities	7,584.8	7,346.0
Long-term debt (Note 8)	9,683.2	10,205.2
Pension and postretirement benefit obligations (Note 12)	2,132.5	2,279.2
Deferred tax liabilities, net (Note 11)	297.2	—
Other liabilities	6,318.8	6,879.8
Commitments and contingencies (Note 13)		
Minority interest	627.0	845.2
Stockholders' Equity:		
Class A Common Stock, par value \$.01 per share; 750.0 shares authorized; 133.7 (2003) and 137.3 (2002) shares issued	1.3	1.4
Class B Common Stock, par value \$.01 per share; 10,000.0 shares authorized; 1,730.8 (2003) and 1,716.0 (2002) shares issued	17.3	17.1
Additional paid-in capital	65,840.3	65,597.8
Retained earnings	3,141.9	1,934.0
Accumulated other comprehensive loss (Note 1)	(351.2)	(580.5)
	68,649.6	66,969.8
Less treasury stock, at cost; 1.4 (2003 and 2002) Class A shares; and 128.5 (2003) and 105.3 (2002) Class B shares	5,444.6	4,482.0
Total stockholders' equity	63,205.0	62,487.8
Total Liabilities and Stockholders' Equity	\$ 89,848.5	\$ 90,043.2

See notes to consolidated financial statements.

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VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In millions)

	2003	Year Ended December 31, 2002	2001
Operating Activities:			
Net earnings (loss)	\$ 1,416.9	\$ 725.7	\$ (223.5)
Adjustments to reconcile net earnings (loss) to net cash flow from operating activities:			
Depreciation and amortization	999.8	945.6	3,087.0
Impairment and restructuring charges	1,331.3	—	119.4
Cumulative effect of change in accounting principle, net of minority interest and tax	18.5	1,480.9	—
Inventory charges	—	—	392.1
Loss (gain) on transactions and other items, net	3.0	(34.8)	(282.0)
Equity in loss of affiliated companies, net of tax	0.6	39.5	127.0
Distributions from affiliated companies	37.7	39.7	55.6
Minority interest, net of tax	(173.8)	39.2	(47.1)
Amortization of deferred financing costs	10.0	10.2	12.7
Change in operating assets and liabilities:			
(Increase) decrease in receivables	(434.6)	(132.8)	283.8
Decrease (increase) in inventory and related program and participation liabilities, net	150.1	(772.6)	63.7
Decrease (increase) in other assets	143.3	(115.6)	115.6
Decrease in accounts payable and accrued expenses	(555.3)	(82.9)	(519.2)
Increase in income taxes payable and net deferred tax liabilities	663.7	826.6	439.4
(Decrease) increase in deferred income	(82.0)	164.4	(67.2)

Other, net	(31.8)	(8.7)	(48.2)
Net cash flow provided by operating activities	3,497.4	3,124.4	3,509.1
Investing Activities:			
Acquisitions, net of cash acquired	(1,345.0)	(926.0)	(886.1)
Capital expenditures	(534.4)	(537.1)	(515.4)
Investments in and advances to affiliated companies	(40.0)	(60.8)	(70.1)
Purchases of short-term investments	(1.9)	(2.0)	(14.2)
Proceeds from sale of investments	34.7	21.7	61.6
Proceeds from dispositions	12.6	50.5	233.7
Net cash flow used for investing activities	(1,874.0)	(1,453.7)	(1,190.5)
Financing Activities:			
Proceeds from issuance of notes and debentures	736.5	1,298.0	3,423.7
Proceeds from exercise of stock options	263.3	357.6	184.6
Repayments to banks, including commercial paper, net	(472.1)	(1,153.8)	(4,012.0)
Repayment of notes and debentures	(771.2)	(1,009.4)	(917.1)
Purchase of Company common stock	(945.1)	(1,139.0)	(1,066.1)
Payment of capital lease obligations	(102.1)	(114.3)	(136.3)
Dividends	(104.6)	—	—
Other, net	(8.8)	(5.8)	(2.5)
Net cash flow used for financing activities	(1,404.1)	(1,766.7)	(2,525.7)
Net increase (decrease) in cash and cash equivalents	219.3	(96.0)	(207.1)
Cash and cash equivalents at beginning of year	631.4	727.4	934.5
Cash and cash equivalents at end of year	\$ 850.7	\$ 631.4	\$ 727.4

See notes to consolidated financial statements.

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VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS) (In millions)

	Year Ended December 31,					
	2003		2002		2001	
	Shares	Amount	Shares	Amount	Shares	Amount
Class A Common Stock:						
Balance, beginning of year	137.3	\$ 1.4	138.8	\$ 1.4	138.9	\$ 1.4
Conversion of A shares into B shares	(3.6)	(.1)	(1.5)	—	(.1)	—
Balance, end of year	133.7	1.3	137.3	1.4	138.8	1.4
Class B Common Stock:						
Balance, beginning of year	1,716.0	17.1	1,697.0	17.0	1,454.7	14.5
Exercise of stock options	11.2	.1	17.5	.1	10.6	.2
Conversion of A shares into B shares	3.6	.1	1.5	—	.1	—
Issuance of stock for Infinity acquisition	—	—	—	—	231.6	2.3
Balance, end of year	1,730.8	17.3	1,716.0	17.1	1,697.0	17.0
Additional Paid-In Capital:						
Balance, beginning of year		65,597.8		64,980.6		50,729.9
Exercise of stock options, including tax benefit		322.6		526.2		322.4
Reversal of deferred taxes attributable to accelerated stock options from prior acquisitions		(66.0)		—		—

Reduction of equity interest in subsidiary and affiliated companies	(14.1)	(60.6)	(2.4)
MTVi acquisition	—	151.6	—
Issuance of stock for Infinity acquisition	—	—	13,408.8
Issuance of stock for BET acquisition	—	—	521.9
Balance, end of year	65,840.3	65,597.8	64,980.6
Retained Earnings:			
Balance, beginning of year	1,934.0	1,208.3	1,431.8
Net earnings (loss)	1,416.9	725.7	(223.5)
Dividends	(209.0)	—	—
Balance, end of year	3,141.9	1,934.0	1,208.3
Accumulated Other Comprehensive Loss:			
Balance, beginning of year	(580.5)	(152.7)	(152.5)
Other comprehensive income (loss)	229.3	(427.8)	(.2)
Balance, end of year	(351.2)	(580.5)	(152.7)
Treasury Stock, at cost:			
Balance, beginning of year	106.7	(4,482.0)	79.3
Class B Common Stock purchased	23.6	(981.4)	27.8
Issuance of stock for BET acquisition, net	—	—	—
Issuance of stock for deferred compensation	(.4)	18.8	(.4)
Balance, end of year	129.9	(5,444.6)	106.7
Total Stockholders' Equity	\$ 63,205.0	\$ 62,487.8	\$ 62,716.8
Comprehensive Income (Loss):			
Net earnings (loss)	\$ 1,416.9	\$ 725.7	\$ (223.5)
Other Comprehensive Income (Loss), net of tax:			
Unrealized gain (loss) on securities	1.7	(9.3)	(36.7)
Reclassification adjustment for net realized losses	5.7	1.3	69.2
Change in fair value of cash flow hedges	1.1	2.1	(3.0)
Cumulative translation adjustments	172.3	69.4	(29.3)
Minimum pension liability adjustment	48.5	(491.3)	(.4)
Total Other Comprehensive Income (Loss), net of tax	229.3	(427.8)	(.2)
Total Comprehensive Income (Loss)	\$ 1,646.2	\$ 297.9	\$ (223.7)

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The consolidated financial statements include the accounts of Viacom Inc. ("Viacom" or the "Company") and investments of more than 50% in subsidiaries and other entities. Investments in affiliated companies over which the Company has a significant influence or ownership of more than 20% but less than or equal to 50% are accounted for under the equity method. Investments of 20% or less over which the Company has no significant influence are accounted for under the cost method. All significant intercompany transactions have been eliminated.

Reclassifications—Certain amounts reported for prior years have been reclassified to conform to the current year's presentation.

Use of Estimates—The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. The Company bases its estimates on historical

experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Cash and Cash Equivalents—Cash and cash equivalents consist of cash on hand and short-term (maturities of three months or less at the date of purchase) highly liquid investments.

Inventories—Inventories related to theatrical and television product (which includes direct production costs, production overhead and acquisition costs) are stated at the lower of amortized cost or net realizable value. Inventories are amortized, and estimated liabilities for residuals and participations are accrued, for an individual product based on the proportion that current estimated revenues bear to the estimated remaining total lifetime revenues. Estimates for initial domestic syndication and basic cable revenues are not included in the estimated lifetime revenues of network series until such sales are probable. These estimates are periodically reviewed and adjustments if any, will result in changes to inventory amortization rates and estimated accruals for residuals and participations.

The Company estimates that approximately 95% of unamortized costs of completed and released films at December 31, 2003 will be amortized within the next three years. Approximately \$781.2 million of costs for released films and completed but not released films are expected to be amortized during the next twelve months. As of December 31, 2003, unamortized acquired film libraries of approximately \$420.8 million remain to be amortized on a straight-line basis over an average remaining life of ten years.

The cost of non-base stock rental videocassettes is amortized on an accelerated basis over three months to an estimated \$2 salvage value. The cost of base stock videocassettes is amortized on an accelerated basis over three months and then on a straight-line basis over six months to an estimated \$2 residual value. The cost of non-base stock DVDs is amortized on an accelerated basis over six months to an estimated \$4 residual value. Video games and base-stock DVDs are amortized on an accelerated basis over a twelve-month period to an estimated \$5 and \$4 salvage value, respectively.

Merchandise inventory consists primarily of pre-recorded retail inventory including VHS tapes and DVDs, video games, licensed merchandise, DVD and game hardware, and confectionery items and is stated at the lower of cost or market. An allocation of costs incurred in Blockbuster's distribution center to prepare products for its stores is included in the cost of its merchandise inventory. Merchandise inventory

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES —(Continued)

costs are determined using the weighted average method, the use of which approximates the first-in, first-out basis. Accruals for shrinkage are based on the actual historical shrinkage results of Blockbuster's most recent physical inventories adjusted, if necessary, for current economic conditions. These estimates are compared with actual results as physical inventory counts are taken and reconciled to the general ledger.

Program Rights—The Company acquires rights to programming and produces programming to exhibit on its broadcast and cable networks, and broadcast television and radio stations. The costs incurred in acquiring and producing programs are capitalized and amortized over the license period or projected useful life of the programming. Program rights and the related liabilities are recorded at the gross amount of the liabilities when the license period has begun, the cost of the program is determinable, and the program is accepted and available for airing.

Property and Equipment—Property and equipment is stated at cost. Depreciation is computed by the straight-line method over estimated useful lives as follows:

Buildings (including capital leases)	20 to 40 years
Leasehold improvements	4 to 15 years
Advertising structures	5 to 20 years
Equipment and other (including capital leases)	3 to 20 years

Depreciation expense, including capitalized lease amortization, was \$896.8 million (2003), \$843.9 million (2002) and \$872.8 million (2001). Amortization expense related to capital leases was \$66.0 million (2003), \$81.5 million (2002) and \$81.0 million (2001). Accumulated amortization of capital leases was \$349.7 million at December 31, 2003 and \$354.7 million at December 31, 2002.

Impairment of Long-Lived Assets—The Company assesses long-lived assets and intangibles, other than goodwill and intangible assets with indefinite lives, for impairment whenever there is an indication that the carrying amount of the asset may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows generated by those assets to their net carrying value. The amount of impairment loss, if any, will generally be measured by the difference between the net book value of the assets and the estimated fair value of the related assets.

Investments in affiliated companies are tested for impairment on a quarterly basis by comparing their fair value to the respective carrying amounts each quarter. The Company determines the fair value of its public company investments by reference to their publicly traded stock price. With respect to private company investments, the Company makes its estimate of fair value by considering recent investee equity transactions, discounted cash flow analyses, estimates based on comparable public company operating multiples and in certain situations, balance sheet liquidation values. If the fair value of the investment has dropped below the carrying amount, management considers several factors when determining whether an other-than-temporary decline in market value has occurred including the length of the time and the extent to which the market value has been below cost, the financial condition and near-term prospects of the issuer, the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value, and other factors influencing the fair market value, such as general market conditions.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES —(Continued)

Goodwill and Intangible Assets—Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). The Company's intangible assets are considered to have finite or indefinite lives and are allocated to various reporting units, which are generally consistent with or one level below the Company's reportable segments. Intangible assets with finite lives, which primarily consist of franchise and subscriber agreements, are generally amortized by the straight-line method over their estimated useful lives, which range from 5 to 40 years and are periodically reviewed for impairment. Intangible assets with indefinite lives, which consist primarily of FCC licenses, and goodwill, which reflects the cost of acquired businesses in excess of the fair value of tangible and intangible assets and liabilities acquired, are no longer amortized but are tested for impairment on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. The estimated fair values of the various reporting units are computed principally using the present value of future cash flows. If the carrying amount of goodwill or the intangible asset exceeds its fair value, an impairment loss is recognized as a non-cash charge. Such a charge could have a significant effect on reported net earnings.

At December 31, 2003 and December 31, 2002, the Company had approximately \$12.4 billion and \$12.5 billion of intangible assets, respectively. Amortization expense relating to intangible assets was \$103.0 million, \$101.7 million and \$102.2 million for the years ended December 31, 2003, 2002 and 2001, respectively. Accumulated amortization of intangible assets with finite lives was \$380.4 million at December 31, 2003 and \$281.5 million at December 31, 2002.

Discontinued Operations—Businesses that have been previously disposed of by the Company prior to January 1, 2002, were accounted for as discontinued operations in accordance with Accounting Principles Board ("APB") Opinion No. 30. Assets related to discontinued operations primarily include aircraft financing leases that are generally expected to liquidate in accordance with contractual terms. Liabilities related to various disposed businesses include environmental, asbestos, litigation and product liability. The assets and liabilities of discontinued operations are presented net in "Other liabilities" on the Consolidated Balance Sheets. Effective January 1, 2002, all subsequent discontinued operations will be accounted for under SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

Revenue Recognition—Advertising revenues are recognized in the period during which advertising spots are aired. Subscriber fees for Cable Networks are recognized in the period the service is provided. Video segment revenues are recognized at the time of rental or sale. Publishing revenues are recognized when merchandise is shipped. Revenues from the sale of outdoor advertising space are recognized ratably over the contract terms.

Entertainment revenues from films in the domestic and foreign theatrical markets are recognized as films are exhibited; revenues from the sale of videocassettes, discs and DVDs are recognized upon availability for sale to the public. Revenues from video revenue sharing agreements are recognized as earned. Revenues from all television sources are recognized upon availability of the film for telecast except for pay-per-view which is recognized upon purchase by the consumer. Television sources from which the revenues are recognized upon availability of the film for telecast include domestic and foreign premium subscription program services, basic cable networks, broadcast networks and individual television stations. On average, the length of the initial revenue cycle for feature films approximates four to seven years.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES —(Continued)

Television series initially produced for the networks and first-run syndication are generally licensed to domestic and foreign markets concurrently. The more successful series are later syndicated in domestic markets and in certain foreign markets. The length of the revenue cycle for television series will vary depending on the number of seasons a series remains in active production. Revenues arising from television license agreements are recognized in the period that the films or television series are available for telecast and therefore may cause fluctuations in operating results.

Advertising—The Company incurred advertising expenses of \$1.4 billion (2003), \$1.4 billion (2002) and \$1.5 billion (2001).

Sales Returns and Allowances—The Company records a provision for sales returns and allowances at the time of sale based upon historical trends which allow for a percentage of revenue recognized.

Interest—Costs associated with the refinancing or issuance of debt, as well as with debt discount, are expensed as interest over the term of this related debt. The Company may enter into interest rate exchange agreements; the amount to be paid or received under such agreements would be accrued as interest rates change and recognized over the life of the agreements as an adjustment to interest expense.

Foreign Currency Translation and Transactions—The Company's foreign subsidiaries' assets and liabilities are translated at exchange rates in effect at the balance sheet date, while results of operations are translated at average exchange rates for the respective periods. The resulting translation gains or losses, net of tax are included as a separate component of stockholders' equity in accumulated other comprehensive income. Foreign currency transaction gains and losses have been included in "Other items, net" in the consolidated statements of operations.

Subsidiary Stock Transactions—Gains or losses arising from issuances by a subsidiary of its own stock are recorded within stockholders' equity.

Viacom Investments Inc., a wholly-owned subsidiary of CBS Broadcasting Inc., owns 414.4 million shares of Viacom Class B stock. These shares were originally issued to CBS Broadcasting Inc. in February 2001 as a result of the acquisition by Viacom of the publicly-traded minority equity interest in Infinity

Broadcasting Corporation. CBS Broadcasting Inc. contributed all 414.4 million shares to Viacom Investments Inc. in December 2003. These shares are eliminated in consolidation and are not reflected in the calculation of earnings per share.

Provision for Doubtful Accounts—The provision for doubtful accounts charged to expense was \$82.7 million (2003), \$203.2 million (2002) and \$112.3 million (2001).

Net Earnings (Loss) per Common Share—Basic earnings (loss) per share ("EPS") is based upon net earnings divided by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed exercise of stock options only in the periods in which such effect would have been dilutive. For the years ended December 31, 2003, 2002 and 2001, respectively, options to purchase 61.4 million, 45.2 million and 137.5 million shares of Class B Common Stock at weighted average prices of \$50.99, \$54.48 and \$34.20 were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES —(Continued)

The table below presents a reconciliation of weighted average shares used in the calculation of basic and diluted EPS.

Year Ended December 31,	2003	2002	2001
Weighted average shares for basic EPS	1,744.0	1,752.8	1,731.6
Incremental shares for stock options	16.7	22.0	—
Weighted average shares for diluted EPS	1,760.7	1,774.8	1,731.6

Comprehensive Income (Loss)—As of December 31, 2003, the components of accumulated other comprehensive loss, were net of the following tax (provision) benefits: \$.6 million for unrealized loss on securities, \$(.1) million for change in fair value of cash flow hedges, \$(91.4) million for cumulative translation adjustments and \$302.2 million for minimum pension liability adjustment.

	Unrealized Gain (Loss) on Securities	Change in Fair Value of Cash Flow Hedges	Cumulative Translation Adjustments	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Loss
At December 31, 2000	\$ (32.8)	\$ —	\$ (108.3)	\$ (11.4)	\$ (152.5)
2001 Activity	32.5	(3.0)	(29.3)	(.4)	(.2)
At December 31, 2001	(.3)	(3.0)	(137.6)	(11.8)	(152.7)
2002 Activity	(8.0)	2.1	69.4	(491.3)	(427.8)
At December 31, 2002	(8.3)	(.9)	(68.2)	(503.1)	(580.5)
2003 Activity	7.4	1.1	172.3	48.5	229.3
At December 31, 2003	\$ (.9)	\$.2	\$ 104.1	\$ (454.6)	\$ (351.2)

Stock-based Compensation—The Company follows the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). The Company applies APB Opinion No. 25 "Accounting for Stock Issued to Employees" and, accordingly, does not recognize compensation expense for the stock option grants because the Company typically does not issue options at exercise prices below market value at date of grant.

The following table reflects the effect on net earnings (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation. These pro forma effects may not be representative of future amounts since the estimated

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES —(Continued)

fair value of stock options on the date of grant is amortized to expense over the vesting period and additional options may be granted in future years. See Note 10 for detailed assumptions.

Year Ended December 31,	2003	2002	2001
Net earnings (loss)	\$ 1,416.9	\$ 725.7	\$ (223.5)
Option expense, net of tax	(252.9)	(200.3)	(135.6)
Net earnings (loss) after option expense	\$ 1,164.0	\$ 525.4	\$ (359.1)
Basic earnings (loss) per share:			
Net earnings (loss) as reported	\$.81	\$.41	\$ (.13)
Net earnings (loss) after option expense	\$.67	\$.30	\$ (.21)
Diluted earnings (loss) per share:			
Net earnings (loss) as reported	\$.80	\$.41	\$ (.13)
Net earnings (loss) after option expense	\$.66	\$.30	\$ (.21)

Change in Accounting Principle—Effective January 1, 2003, the Company adopted SFAS No. 143 "Accounting for Asset Retirement Obligations" ("SFAS 143"). SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. SFAS 143 requires the capitalization of asset retirement costs as part of the total cost of the related long-lived asset and the depreciation of this cost over the corresponding asset's useful life. SFAS 143 primarily applies to certain of the Company's video store leases and billboard advertising locations, where the Company is legally obligated to remove leasehold improvements to restore the property to its original condition. The asset retirement obligation was \$49.5 million and \$53.0 million at January 1, 2003 and December 31, 2003, respectively. As a result of the adoption of this standard, the Company recognized in the first quarter of 2003 a charge of \$18.5 million, or \$.01 per share, reflected as a cumulative effect of change in accounting principle, net of minority interest and tax. Assuming adoption of SFAS 143 had occurred on January 1, 2002, the impact would not be material to the Company's financial position at December 31, 2002 and the Company's Statement of Operations and cash flows for the year ended December 31, 2002.

Effective January 1, 2002, the Company adopted SFAS 142 and as a result, an impairment charge related to Blockbuster of \$1.82 billion or \$1.48 billion, net of minority interest and tax was recorded as a cumulative effect of a change in accounting principle in the Company's Consolidated Statements of Operations for the year ended December 31, 2002.

Derivative Instruments and Hedging Activities—SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended ("SFAS 133") requires all derivatives to be recorded on the balance sheet at fair value. SFAS 133 also established rules for hedging instruments which, depending on the nature of the hedge, require that changes in the fair value of the derivatives either be offset against the change in fair value of assets or liabilities through earnings, or be recognized in other comprehensive income until the hedged item is recognized in earnings.

Recent Pronouncements—In May 2003, the Financial Accounting Standards Board ("FASB"), issued SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes standards for how an issuer classifies and measures in its

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES —(Continued)

statement of financial position certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS 150 as of July 1, 2003 did not have any effect on the Company's financial position.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" which was replaced in December 2003 by the issuance of FIN 46R ("FIN 46R"). FIN 46R explains how to identify variable interest entities ("VIEs") and how a company should assess its interests in a variable interest entity to decide whether to consolidate that entity. FIN 46R requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. The provisions of FIN 46R are effective for special purpose entities (SPEs) as of December 31, 2003. The Company has completed its review of its special purpose entities under FIN 46R and has determined that the application of FIN 46R did not impact the Company's consolidated financial position or results of operations or cash flows. The provisions of FIN 46R must be applied to VIEs as of March 31, 2004. The Company is in the process of evaluating the impact, if any, the adoption of the remaining provisions of FIN 46R will have on the Company.

2) SUBSEQUENT EVENT

On February 10, 2004, the Company announced that its Board of Directors authorized the Company to pursue the divestiture of Viacom's approximately 81.5% interest in Blockbuster, based on the conclusion that Blockbuster would be better positioned as a company completely independent of Viacom. The Company anticipates that the divestiture would be achieved through a tax-free split-off, but will also continue to consider other alternatives. The transaction is subject to further approval of the Viacom Board and an assessment of market conditions. The split-off, which would result in a reduction of Viacom's outstanding shares, is expected to be completed by mid-2004. If the Company determines to split-off Blockbuster any difference between the fair market value of Blockbuster and its net book value at the time of the split-off will be recognized as a gain or loss for accounting purposes. The actual amount of the gain or loss will depend upon the fair market value and the net book value of Blockbuster at the time of the split-off as well as the exchange ratio used in the split-off.

3) ACQUISITIONS

On May 22, 2003, the Company acquired the remaining 50% interest in Comedy Central that it did not own for \$1.2 billion in cash. Comedy Central's results have been consolidated as part of Cable Networks, effective from the date of acquisition. The excess purchase price over the fair value of the tangible net assets acquired of approximately \$1.1 billion was allocated to goodwill. The final allocation of the purchase price will be based on comprehensive final evaluations of the fair value of Comedy Central's assets acquired and liabilities assumed.

On May 15, 2002, the Company acquired the assets of KCAL-TV Los Angeles for approximately \$650 million. During 2002, the Company also acquired the remaining 50% interest in Noggin, the 24-hour digital network for kids that it did not already own for approximately \$100 million. Blockbuster acquired the 51% interest that it did not already own in a joint venture in Italy and also acquired a games retailer in the United Kingdom for approximately \$82.4 million in the aggregate in 2002.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

3) ACQUISITIONS —(Continued)

In November 2001, the Company completed the television station swaps of WDCA-TV Washington D.C. and KTXH-TV Houston in exchange for KBHK-TV San Francisco. As a result of the swaps, the Company recognized a gain of approximately \$210.1 million in "Other items, net."

On February 21, 2001, the Company completed a merger with Infinity, acquiring all of the issued and outstanding shares of Infinity common stock that it did not already own, approximately 36%. Under the terms of the merger, which was tax-free for the stockholders of Infinity and Viacom, each issued and outstanding share of Infinity Class A common stock was converted into the right to receive 0.592 of a share of Viacom Class B Common Stock. The Infinity merger was accounted for at historical cost, with the exception of minority interest, which was accounted for under the purchase method of accounting. The total purchase price of approximately \$13.4 billion represented the issuance of approximately 231.6 million shares of Viacom Class B Common Stock and the fair value of Infinity stock options assumed by the Company. Infinity stockholders received a cash payment in lieu of any fractional shares. The goodwill attributable to this transaction was approximately \$7.7 billion.

On January 23, 2001, the Company completed its acquisition of BET for approximately \$3 billion, which principally represented the net issuance of approximately 43.0 million shares of Viacom Class B Common Stock and the assumption by the Company of approximately \$590 million in debt. The acquisition was accounted for under the purchase method of accounting. An allocation of the total cost to acquire BET was based on the fair value of the assets acquired and liabilities assumed at the time of the acquisition. The excess purchase price over the fair value of the tangible net assets acquired of approximately \$2.9 billion was allocated to intangibles. As of the acquisition date, BET's results are included as part of the Cable Networks segment.

4) IMPAIRMENT AND RESTRUCTURING CHARGES

During the fourth quarter of 2003, the Company recorded a non-cash impairment charge related to Blockbuster of approximately \$1.3 billion in accordance with the provisions of SFAS 142. In completing its analysis of the fair value of the video business during the fourth quarter of 2003, several events led Blockbuster to conclude that the business had incremental risks that were required to be included in its evaluation of goodwill. These events included Blockbuster's lower than anticipated same store revenues during the December 2003 selling season caused by increased competition from retail DVD and other home video distribution channels. Blockbuster also identified risks associated with certain international operations, such as increased competition, two-tiered pricing and piracy. Additionally, Blockbuster's review of long-lived assets in conjunction with SFAS 144 resulted in an impairment charge of approximately \$18.5 million to reduce the carrying value of certain fixed assets in four international markets. These charges were included in "Impairment and restructuring charges" in the Consolidated Statements of Operations for the year ended December 31, 2003 (See Note 5).

In the second quarter of 2003, restructuring charges of \$26.4 million were recorded at Cable Networks. These charges principally reflected \$17.7 million of severance liabilities resulting from the acquisition of the remaining 50% of Comedy Central that the Company did not own and organizational changes at Showtime Networks Inc. Also included in this total was \$8.4 million for additional lease termination costs for MTV Networks ("MTVN") due to a change in the initial estimate for its 2001 charge. The restructuring charges were reflected in the Consolidated Statement of Operations as part of "Impairment and restructuring charges." For the year ended December 31, 2003, the Company had paid and charged \$13.5 million against the severance

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

4) IMPAIRMENT AND RESTRUCTURING CHARGES —(Continued)

liabilities and \$4.0 million of lease termination costs against the lease liability. Severance payments will continue through 2005 since certain employees will be paid out over the terms of their employment contracts.

In 2001, the Company recorded a Cable Networks restructuring charge of \$66.6 million for MTVN and a UPN restructuring charge of \$52.8 million. These charges were principally associated with reducing headcount and closing certain MTVN domestic and foreign offices and integrating UPN into CBS Network operations. These activities have been completed as of December 31, 2003.

In the second quarter of 2000, the Company recorded a non-recurring merger-related charge of \$698.5 million (\$504.5 million after-tax or \$.41 per share), associated with the integration of Viacom and CBS and the acquisition of UPN.

The following table summarizes the 2003 activity for the merger-related and restructuring charges discussed above:

	Viacom/CBS Merger Related Charge	Cable Networks Restructuring Charges	UPN Restructuring Charge
Balance at December 31, 2002	\$ 33.6	\$ 18.3	\$ 2.3
Charges	—	26.4	—
Cash payments	(15.3)	(17.5)	(.9)
Non-cash charges	—	—	(1.4)
Balance at December 31, 2003	\$ 18.3	\$ 27.2	\$ —

5) GOODWILL AND OTHER INTANGIBLE ASSETS

The Company's intangible assets subject to amortization and the related accumulated amortization were as follows:

At December 31, 2003	Gross	Accumulated Amortization	Net
Franchise agreements	\$ 456.9	\$ (92.3)	\$ 364.6
Subscriber agreements	372.5	(183.5)	189.0
Other intangible assets	264.8	(104.6)	160.2
Total	\$ 1,094.2	\$ (380.4)	\$ 713.8

At December 31, 2002	Gross	Accumulated Amortization	Net
Franchise agreements	\$ 452.3	\$ (64.8)	\$ 387.5
Subscriber agreements	372.5	(133.2)	239.3
Other intangible assets	243.6	(83.5)	160.1
Total	\$ 1,068.4	\$ (281.5)	\$ 786.9

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

5) GOODWILL AND OTHER INTANGIBLE ASSETS —(Continued)

The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each of the next five succeeding years to be as follows:

	2004	2005	2006	2007	2008
Amortization expense	\$ 103.0	\$ 93.4	\$ 87.7	\$ 75.1	\$ 35.4

FCC licenses, valued at approximately \$11.7 billion at December 31, 2003 and December 31, 2002, were recorded as intangible assets with indefinite lives and were not subject to amortization.

The changes in the book value of goodwill, by segment, for the year ended December 31, 2003 were as follows:

	Balance at December 31, 2002	Impairment Charge	Acquisitions	Adjustments (b)	Balance at December 31, 2003
Cable Networks	\$ 7,330.1	\$ —	\$ 1,134.4(a)	\$ 9.1	\$ 8,473.6
Television	13,182.1	—	—	(4.1)	13,178.0
Radio	19,328.7	—	—	(56.1)	19,272.6
Outdoor	11,409.1	—	33.5	134.9	11,577.5

Entertainment	1,972.3	—	—	(28.8)	1,943.5
Video	3,894.0	(1,286.4)(c)	—	4.0	2,611.6
<hr/>					
Total	\$ 57,116.3	\$ (1,286.4)	\$ 1,167.9	\$ 59.0	\$ 57,056.8

- (a) The \$1.1 billion increase in goodwill in the Cable Networks segment resulted from the acquisition of Comedy Central during the second quarter of 2003.
- (b) Adjustments primarily relate to purchase price allocations for acquisitions, foreign currency translation adjustments, the reversal of reserves previously established in purchase price accounting which were determined to be no longer necessary, and the reversal of tax liabilities established in purchase price accounting that are no longer expected to be incurred.
- (c) Non-cash impairment charge related to Blockbuster. See Note 4.

The adoption of SFAS 142, effective January 1, 2002, required the Company to perform a two-step fair value based impairment test of goodwill. The first step of the test examines whether or not the book values of the Company's reporting units exceed their fair values. In the second step, the implied fair value of goodwill in accordance with the methodology prescribed by SFAS 142 is compared to its book value. The Company's reporting units are generally consistent with or one level below the operating segments underlying the segments. As a result of such impairment tests completed in the first quarter of 2002, the Company determined that goodwill related to Blockbuster was impaired.

The estimated fair values of Blockbuster reporting units were computed principally based upon the present value of future cash flows as of the date of adoption. The implied fair value of Blockbuster's goodwill was then compared to its book value resulting in an impairment charge of \$1.8 billion in total or \$1.5 billion, net of minority interest and tax. In accordance with the transitional guidance provided by SFAS 142, as the impairment charge was related to the implementation of SFAS 142, the charge of \$1.5 billion was recorded as a cumulative effect of a change in accounting principle, net of minority interest and tax, in the Company's Consolidated Statements of Operations for the year ended December 31, 2002 (See Note 4).

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

5) GOODWILL AND OTHER INTANGIBLE ASSETS —(Continued)

The following table provides a reconciliation of the reported net loss and loss per share amounts for the year ended December 31, 2001 to adjusted net earnings and per share amounts that would have been reported had SFAS 142 been adopted on January 1, 2001.

	Year Ended December 31, 2001	Basic	Earnings Per Share Diluted
Reported net loss	\$ (223.5)	\$ (.13)	\$ (.13)
Goodwill and intangible amortization, net of tax	1,972.5	1.14	1.12
Goodwill and intangible amortization included in loss of affiliated companies, net of tax	67.0	.04	.04
Minority interest portion of intangible amortization, net of tax	(30.9)	(.02)	(.02)
Adjusted net earnings	\$ 1,785.1	\$ 1.03	\$ 1.01

6) INVENTORY

At December 31,	2003	2002
Theatrical and television inventory:		
Theatrical:		
Released (including acquired film libraries)	\$ 629.4	\$ 522.3
Completed, not released	60.4	98.7
In process and other	399.9	509.8
Television:		
Released (including acquired film libraries)	845.0	878.0
In process and other	76.9	90.2
Program rights	3,051.8	2,658.2
	5,063.4	4,757.2
Less current portion	862.8	718.8
	4,200.6	4,038.4
Merchandise inventory	495.7	505.7
Rental inventory	350.9	430.6
Publishing, primarily finished goods	64.2	71.9
Other	57.4	94.3

		968.2		1,102.5
Less current portion		581.6		613.9
		386.6		488.6
Total Current Inventory	\$	1,444.4	\$	1,332.7
Total Non-Current Inventory	\$	4,587.2	\$	4,527.0

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

7) INVESTMENTS IN AFFILIATED COMPANIES

The Company accounts for its investments in affiliated companies over which the Company has significant influence or ownership of more than 20% but less than or equal to 50%, under the equity method. Such investments principally include but are not limited to the Company's interest in United Cinemas International (50% owned), Nickelodeon U.K. (50% owned), MTV Brazil (50% owned), MTV Russia (49% owned), WF Cinema Holding L.P. (50% owned), Grauman's Theatres LLC (50% owned), Quetzal (34% owned), MarketWatch.com, Inc. (32% owned) and Sportsline.com, Inc. (40% owned). Additionally, the Company owns a 16% interest in Westwood One, Inc. ("Westwood One"), which is treated as an equity investment. Certain employees of Infinity serve as officers of Westwood One resulting in significant influence over its operations.

For equity investments, a difference typically exists between the initial investment and the proportionate share in the underlying net assets of the investee. The unamortized difference was \$92.8 million and \$88.0 million at December 31, 2003 and 2002, respectively.

At December 31, 2003, the Company's equity investments included three publicly traded companies: MarketWatch.com, Inc., Sportsline.com, Inc. and Westwood One, Inc. Based upon quoted market prices at December 31, 2003 and December 31, 2002, respectively, the aggregate market value of these investments was approximately \$617.4 million and \$636.7 million which exceeded the total carrying value on the Consolidated Balance Sheet.

At the date of acquisition, for cost and equity investments in Internet-based companies, the Company typically records the investment at an amount equal to the cash consideration paid plus the fair value of the advertising and promotion time to be provided. The associated obligation to provide future advertising and promotion time is non-cash and is recorded as deferred revenue at an amount equal to the fair value of the advertising and promotion time to be provided. The related 2003 and 2002 deferred revenue balance of \$13.7 million and \$26.8 million, respectively, is presented as "Deferred income" and "Other liabilities" in the consolidated balance sheets. Deferred revenue is relieved and barter revenue is recognized as the related advertising and promotion time is delivered. Barter revenue of \$33.1 million and \$54.6 million has been recognized for 2003 and 2002, respectively. During 2002, several Internet companies completed Chapter 11 bankruptcy proceedings or signed restructuring agreements and, as a result, the Company was legally released from its advertising commitments, and the related deferred revenue was reversed against the investment account, with the excess recorded in "Other items, net." Income of \$29.8 million was recorded in "Other items, net" for the recovery of advertising commitments in 2002.

At December 31, 2003 and 2002, respectively, the Company had \$10.8 million and \$43.5 million of cost investments that were included as a component of "Other assets." The 2003 mark-to-market adjustments in fair value for the publicly traded cost investments were (\$.9) million, net of tax and were recorded as a decrease in accumulated other comprehensive loss. The Company determined that some of its cost investments experienced other than temporary declines in market value as of December 31, 2003 and 2002. Accordingly, the Company recorded a non-cash impairment loss on these investments for approximately \$7.0 million in 2003 and \$4.5 million in 2002, in "Other items, net" in the Consolidated Statements of Operations.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

7) INVESTMENTS IN AFFILIATED COMPANIES —(Continued)

Related Parties

National Amusements, Inc. ("NAI") is a closely held corporation that beneficially owns the Company's Class A Common Stock, representing approximately 71% of the voting power of all classes of the Company's Common Stock, and approximately 11% of the Company's Class A Common Stock and Class B Common Stock on a combined basis at December 31, 2003. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Chairman of the Board of Directors and Chief Executive Officer of the Company.

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios including Paramount Pictures, a division of the Company. During the years ended December 31, 2003, 2002 and 2001, NAI made payments to Paramount Pictures in the aggregate amounts of approximately \$9.6 million, \$12.3 million and \$18.2 million, respectively.

NAI and Mr. Redstone owned in the aggregate approximately 30% of the common stock of Midway Games Inc. ("Midway") as of December 31, 2003. Midway sells home video games to Blockbuster and also places advertisements on various of the Company's cable networks from time to time. During the years ended December 31, 2003, 2002 and 2001, transactions with Midway totaled approximately \$9.9 million, \$12.2 million and \$3.8 million, respectively.

The Company owns a minority equity interest in Westwood One, Inc. Most of Infinity's radio stations are affiliated with Westwood One, and Westwood One distributes nationally certain of the Company's radio programming. In connection with these arrangements, the Company receives affiliation fees as well as programming cost reimbursements and in certain instances, shares in revenue from the sale by Westwood One of Infinity's programming. In addition, certain employees of Infinity serve as officers of Westwood One for which the Company receives a management fee. CBS Television and Cable Networks also enter into programming agreements with Westwood One. Revenues from these arrangements were approximately \$85.5 million, \$127.7 million and \$104.1 million in 2003, 2002 and 2001, respectively.

The Company, through the normal course of business, is involved in transactions with affiliated companies that have not been material in any of the periods presented.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

8) BANK FINANCING AND DEBT

Long-term debt consists of the following (a):

At December 31,	2003	2002
Notes payable to banks	\$ 107.2	\$ 423.7
Commercial paper	20.0	174.6
6.75% Senior Notes due 2003	—	334.7
6.875% Notes due 2003	—	279.7
7.15% Senior Notes due 2005	499.6	499.4
7.75% Senior Notes due 2005	980.2	983.8
6.40% Senior Notes due 2006	802.2	803.3
5.625% Senior Notes due 2007	750.9	764.6
7.70% Senior Notes due 2010	1,669.9	1,672.9
6.625% Senior Notes due 2011	994.7	994.0
8.625% Debentures due 2012	248.6	248.5
5.625% Senior Notes due 2012	599.2	599.1
8.875% Notes due 2014	101.9	101.9
7.625% Senior Debentures due 2016	199.1	199.1
4.625% Senior Notes due 2018	284.0	—
7.50% Senior Debentures due 2023 (b)	—	149.6
7.875% Debentures due 2023	229.0	230.0
5.50% Senior Debentures due 2033	446.5	—
7.125% Senior Notes due 2023 (c)	52.2	52.2
7.875% Senior Debentures due 2030	1,281.7	1,282.9
7.25% Senior Notes due 2051	335.0	335.0
10.50% Senior Subordinated Notes due 2009 (d)	66.3	56.1
Other notes	26.0	28.6
Obligations under capital leases	387.0	392.2
Total Debt	10,081.2	10,605.9
Less current portion	196.3	199.0
Less discontinued operations debt (e)	201.7	201.7
Total Long-Term Debt	\$ 9,683.2	\$ 10,205.2

- (a) Unless otherwise noted, the debt instruments are issuances of Viacom Inc. and are guaranteed by Viacom International Inc. ("Viacom International").
- (b) Issue of Viacom International guaranteed by Viacom Inc.
- (c) Issue of CBS Broadcasting Inc., a wholly owned subsidiary of Viacom Inc., which is not guaranteed.
- (d) Issue of Go Outdoor Systems Holdings S.A., a wholly owned subsidiary of Viacom Inc., which is not guaranteed.
- (e) Included in "Other Liabilities" on the consolidated balance sheets.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

8) BANK FINANCING AND DEBT —(Continued)

The Company's total debt presented above includes, for the period ending December 31, 2003 and December 31, 2002, respectively, (i) an aggregate unamortized premium of \$41.4 million and \$49.5 million and (ii) the net change in the carrying value of the debt relating to fair value swaps of \$48.2 million and \$86.2 million.

For the years ended December 31, 2003 and 2002, the following debt issuances, maturities and redemptions occurred:

Debt Issuances

May 14, 2003, \$300.0 million 4.625% senior notes due 2018
 May 14, 2003, \$450.0 million 5.50% senior debentures due 2033
 August 28, 2002, \$600.0 million 5.625% senior notes due 2012
 April 25, 2002, \$700.0 million 5.625% senior notes due 2007

Interest on all of the above debt instruments is paid semi-annually.

Debt Maturities

September 1, 2003, 6.875% notes, \$275.0 million
 January 15, 2003, 6.75% senior notes, \$333.8 million
 June 15, 2002, 8.375% notes, \$321.8 million
 January 15, 2002, 7.50% senior notes, \$250.0 million
 January 1, 2002, 7.625% senior notes, \$143.0 million

Debt Redemptions

July 15, 2003, \$150.0 million 7.50% senior debentures due 2023 at 103.6% of principal
 August 1, 2002, \$239.5 million 8.25% senior debentures due 2022 at 103.5% of principal
 June 15, 2002, \$2.6 million 8.875% senior subordinated notes due 2007 at 104.4% of principal
 June 1, 2002, \$31.1 million 8.875% senior debentures due 2022 at 104.1% of principal
 January 15, 2002, \$18.7 million 11.375% subordinated exchange debentures due 2009 at 105.7% of principal

For the years ended December 31, 2003 and 2002, the Company repurchased approximately \$1.0 million and \$55.0 million of its debt, respectively.

The Company's scheduled maturities of long-term debt at face value, excluding commercial paper and capital leases, outstanding at December 31, 2003 were as follows:

	Year of Maturity					
	2004	2005	2006	2007	2008	2009 and thereafter
Long-term debt	\$ 126.1	\$ 1,472.8	\$ 801.7	\$ 700.2	\$.2	\$ 6,483.6

VIACOM INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)**

(Tabular dollars in millions, except per share amounts)

8) BANK FINANCING AND DEBT —(Continued)**Viacom Credit Agreement**

As of December 31, 2003, the Company's credit facilities, excluding Blockbuster's credit facility, totaled \$4.65 billion comprised of a \$1.7 billion 364-day revolving facility due February 2004, a \$1.45 billion revolving facility due May 2005 and a \$1.5 billion revolving facility due March 2006 (collectively, the "Credit Facilities"). In February 2004, the Company entered into a \$3.0 billion 5-year credit facility which replaced the \$1.7 billion and \$1.45 billion facilities. The terms and conditions of the \$3.0 billion facility are substantially similar to the \$1.5 billion facility. The Company, at its option, may also borrow in certain foreign currencies up to specified limits under the \$3.0 billion and \$1.5 billion facilities. Borrowing rates under the facilities are determined at the Company's option at the time of each borrowing and are based generally on the prime rate in the United States or the London Interbank Offer Rate ("LIBOR") plus a margin based on the Company's senior unsecured debt rating. The Company pays a facility fee based on the total amount of the commitments. As of December 31, 2003, the Company had unused revolving credit facilities, excluding Blockbuster's credit facility, of \$4.41 billion in the aggregate.

The facilities contain covenants, which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2003, the Company was in compliance with all covenants under the Credit Facilities.

The primary purpose of the credit facilities is to support commercial paper borrowings. At December 31, 2003, the Company had commercial paper borrowings of \$20.0 million under its \$4.65 billion commercial paper program. The Company's credit facilities supporting the commercial paper borrowings totaled \$4.5 billion in February 2004. Borrowings under the program have maturities of less than a year.

At December 31, 2003, the Company had classified approximately \$21.6 million of commercial paper and other debt scheduled to mature within the next twelve months as long-term debt, reflecting its intent and ability, through the existence of unused revolving credit facilities, to refinance this debt on a long-term basis.

Blockbuster Credit Agreement

As of December 31, 2003, Blockbuster's credit agreement (the "Blockbuster Credit Agreement") was comprised of a \$600.0 million long-term revolver due July 1, 2004 and a \$100.0 million term loan due in quarterly installments ending July 1, 2004. Blockbuster had \$600.0 million of available borrowing capacity under the long-term revolver at December 31, 2003. Interest rates under the Blockbuster Credit Agreement are based on the prime rate in the United States or LIBOR (plus a margin, or "LIBOR spread," based on leverage ratios, which is currently 1.25%) at Blockbuster's option at the time of borrowing. The weighted-average interest rate at December 31, 2003 for borrowings under the Blockbuster Credit Agreement was 2.4%. A variable commitment fee based on the total leverage ratio is charged on the unused amount of the revolver (0.25% at December 31, 2003).

The Blockbuster Credit Agreement contains certain restrictive covenants, which, among other things, relate to the payment of dividends, purchase of Blockbuster's common stock or other distributions and also require compliance with certain financial covenants with respect to a maximum leverage ratio and a

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

8) BANK FINANCING AND DEBT —(Continued)

minimum fixed charge coverage ratio. At December 31, 2003, Blockbuster was in compliance with all covenants under the Blockbuster Credit Agreement.

Accounts Receivable Securitization Programs

As of December 31, 2003 and December 31, 2002, the Company had an aggregate of \$1.0 billion and \$981.9 million, respectively, outstanding under revolving receivable securitization programs. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable and debt on the Company's consolidated balance sheets. The Company enters into these arrangements because they provide an additional source of liquidity. Proceeds from the programs were used to reduce outstanding borrowings. The terms of the revolving securitization arrangements require that the receivable pools subject to the programs meet certain performance ratios. As of December 31, 2003, the Company was in compliance with the required ratios under the receivable securitization programs.

9) FINANCIAL INSTRUMENTS

The Company's carrying value of financial instruments approximates fair value, except for differences with respect to the notes and debentures and certain differences related to other financial instruments that are not significant. At December 31, 2003, the carrying value of the senior debt and senior subordinated debt was \$9.3 billion and the fair value, which is estimated based on quoted market prices, was \$10.8 billion.

The Company uses derivative financial instruments to modify its exposure to market risks from changes in foreign exchange rates and interest rates. The Company does not hold or enter into financial instruments for speculative trading purposes. The foreign exchange hedging instruments used are spot, forward and option contracts. The foreign exchange contracts have principally been used to hedge the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the Singapore Dollar and the Euro. The Company designates forward contracts used to hedge future production costs as cash flow hedges. Additionally, the Company enters into non-designated forward contracts to hedge non-dollar denominated cash flows and foreign currency balances. The changes in fair value of the non-designated contracts are included in current period earnings as part of "Other items, net."

The Company's interest expense is exposed to movements in short-term rates. Swap agreements are used to modify this exposure. This includes both fixed to variable rate swaps, which are designated as fair value hedges and variable to fixed rate swaps, which are designated as cash flow hedges. As of December 31, 2003, if all parties were to agree, the swaps could have been terminated by a net payment from the counterparties of approximately \$47.6 million.

The Company has entered into cash flow swap agreements which effectively convert variable rate interest payments on commercial paper to a fixed rate. As of December 31, 2003, the notional amount outstanding relating to these agreements was approximately \$19.4 million and matures in September 2004. Interest is received based upon three-month LIBOR and is paid at approximately 5.07%. The amount of the ineffectiveness of these cash flow hedges, that was reflected in earnings, was immaterial.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

9) FINANCIAL INSTRUMENTS —(Continued)

The effective portion of the change in value of cash flow hedges is reported in other comprehensive income and reclassified into earnings in the same period in which the hedged transaction affects earnings. The ineffective portion included in earnings was not material. The change in value of the fair value hedges and the hedged instruments is reported in earnings for the periods presented.

On May 14, 2003, the Company entered into additional \$300 million notional swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature on May 1, 2018 and the Company receives interest at approximately 4.55% and pays three-month LIBOR.

On April 25, 2002, the Company entered into additional \$700 million notional swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature on May 1, 2007, and the Company receives interest at approximately 5.11% on \$400 million and 5.35% on \$300 million, while paying three-month LIBOR.

During December 2001, the Company entered into \$750 million notional amount of swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. Of the \$750 million notional amount, \$225 million received interest at approximately 3.2% and was to mature on January 15, 2003 and \$275 million received interest at approximately 3.8% and was to mature on September 1, 2003. These swaps were terminated in November 2002 resulting in the Company receiving \$8.7 million in cash which was amortized into earnings over the remaining life of the respective debt. These fair value hedges were fully effective. The remaining \$250 million in notional amount matures on June 1, 2005 and receives interest at approximately 4.5%. These fair value hedges are fully effective. All the swaps paid or pay interest based on three-month LIBOR.

At December 31, 2003, the notional amount of the foreign exchange derivative contracts was \$296.9 million. Of this balance, \$12.0 million represents cash flow hedges used to reduce foreign exchange exposure for future production costs. The remaining \$284.9 million represents hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges.

The Company continually monitors its positions with, and credit quality of, the financial institutions, which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not anticipate nonperformance by the counterparties.

The Company's receivables did not represent significant concentrations of credit risk at December 31, 2003, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

10) STOCKHOLDERS' EQUITY

Stock Purchase Program—Under its stock purchase programs, the Company purchased shares of its Class B Common Stock for each of the years as follows: 23.6 million shares for \$981.4 million (2003), 27.8 million shares for \$1.2 billion (2002) and 24.2 million shares for \$1.0 billion (2001).

To maintain Viacom's consolidated tax position with Blockbuster, the Company purchased 3.0 million shares of Blockbuster Class A Common Stock for approximately \$62.3 million in 2003 and .5 million shares for \$11.2 million in 2002.

Dividends—During the third and fourth quarters of 2003, Viacom's Board of Directors declared a quarterly cash dividend of \$.06 per share to shareholders of record at the close of business on August 15, 2003 and December 8, 2003, respectively. Approximately \$104.6 million was paid to these shareholders for the year ended December 31, 2003 and \$104.4 million was paid on January 1, 2004.

Conversion Rights—Holders of Viacom Class A Common Stock have the right to convert their shares to Class B Common Stock at any time. Conversions of Class A shares into B shares for the years ended December 31, 2003, 2002 and 2001 were 3.6 million, 1.5 million and .1 million shares, respectively.

Long-Term Incentive Plans—The Company has Long-Term Incentive Plans (the "Plans") under which options are issued: the Viacom Long-Term Management Incentive Plans (the "Viacom Plans"), the Blockbuster Long-Term Management Incentive Plan (the "Blockbuster Plan"), the Infinity Long Term Management Incentive Plans (the "Infinity Plans") and the CBS Long-Term Incentive Plans (the "CBS Plans"). Options under the Infinity Plan and CBS Plan generally vest over a three-year period and expire ten years from the date of grant. Warrants to purchase 135,420 shares of Viacom Class B Common Stock were outstanding at December 31, 2003. The warrants, which were assumed in the Viacom/CBS merger, have no expiration date and an exercise price of zero.

Viacom Plans—The purpose of the Viacom Plans is to benefit and advance the interests of the Company by rewarding certain key employees for their contributions to the financial success of the Company and thereby motivating them to continue to make such contributions in the future. The Viacom Plans provide for fixed grants of equity-based interests pursuant to awards of stock options, stock appreciation rights, restricted shares, phantom shares or other equity-based interests, and for subsequent payments of cash with respect to phantom shares or stock appreciation rights based, subject to certain limits, on their appreciation in value over stated periods of time. The stock options generally vest over a three-to five-year period from the date of grant and expire ten years after the date of grant. The Company has reserved a total of 2,562 shares of Viacom Inc. Class A Common Stock and 147,541,717 shares of Viacom Inc. Class B Common Stock for future exercise of stock options and warrants outstanding as of December 31, 2003.

The stock options available for future grant under the Viacom Plans were as follows:

At December 31, 2001	85,653,665
At December 31, 2002	67,879,728
At December 31, 2003	36,023,644

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

10) STOCKHOLDERS' EQUITY —(Continued)

The weighted-average fair value of each option as of the grant date was \$18.49, \$20.04 and \$23.71 in 2003, 2002 and 2001, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2003	2002	2001
Expected dividend yield (a)	.55%	—	—
Expected stock price volatility	39.54%	37.03%	33.74%
Risk-free interest rate	3.58%	5.00%	5.04%
Expected life of options (years)	6.8	6.7	6.7

(a) In the third and fourth quarters of 2003, the Company's Board of Directors declared a quarterly cash dividend of \$.06 per share on both its Class A Common Stock and Class B Common Stock. The Company did not declare any cash dividends on its common stock for 2002 or 2001.

The following table summarizes the Company's stock activity under the Viacom Plans:

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 2000	117,179,305	\$ 28.98
Granted	22,208,178	52.57
BET stock options assumed	3,169,784	14.24
Infinity stock options assumed	7,988,794	48.39
Exercised	(10,587,348)	17.28
Canceled	(2,475,342)	44.16
Balance at December 31, 2001	137,483,371	34.20
Granted	22,452,148	42.24
Exercised	(17,561,361)	17.91
Canceled	(3,988,896)	49.63
Balance at December 31, 2002	138,385,262	37.13
Granted	23,759,956	39.57
Exercised	(11,170,461)	22.01
Canceled	(3,565,898)	45.35
Balance at December 31, 2003	147,408,859	38.47

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

10) STOCKHOLDERS' EQUITY —(Continued)

The following table summarizes information concerning outstanding and exercisable stock options under the Plans at December 31, 2003:

Range of Exercise Price	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
\$ 2 to 9.99	1,575,419	1.36	\$ 5.98	1,575,419	\$ 5.98
10 to 19.99	19,629,576	2.78	16.03	19,629,576	16.03
20 to 29.99	14,189,293	2.74	23.17	14,189,293	23.17

30 to 39.99	48,570,380	7.53	37.16	18,235,627	33.80
40 to 49.99	27,257,698	6.58	43.75	13,906,007	43.18
50 to 59.99	35,153,774	6.62	55.47	25,234,975	55.61
60 to 69.99	548,420	6.44	66.89	384,918	66.60
70 to 71.00	484,299	6.34	70.00	339,613	70.00
	147,408,859			93,495,428	

Stock options exercisable at year end were as follows:

December 31, 2001	79,619,715
December 31, 2002	83,730,249
December 31, 2003	93,495,428

Blockbuster Long-Term Management Incentive Plan—On July 15, 1999, Blockbuster's Board of Directors adopted the Blockbuster Plan for the benefit of its employees and directors. An aggregate of 25.0 million shares of Blockbuster class A common stock was reserved for issuance under the Blockbuster Plan, which provides for the issuance of stock-based incentive awards, including stock options to purchase shares of Blockbuster class A common stock, stock appreciation rights, restricted shares of Blockbuster class A common stock, restricted share units and phantom shares. The purpose of the Blockbuster Plan is to benefit and advance the interests of Blockbuster by rewarding certain key employees and non-employee directors for their contributions to the financial success of Blockbuster and thereby motivating them to continue to make such contributions in the future. Outstanding Blockbuster stock options granted after 1999 generally vest over a four-year period from the date of grant and generally expire ten years after the date of grant, and outstanding Blockbuster stock options granted in 1999 generally vest over a five-year period from the date of grant and generally expire ten years after the date of grant.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

10) STOCKHOLDERS' EQUITY —(Continued)

The weighted-average fair value of each option as of the grant date was \$9.44, \$12.13 and \$10.00 in 2003, 2002 and 2001, respectively. The fair value of each Blockbuster option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2003	2002	2001
Expected dividend yield (a)	0.5%	0.4%	0.3%
Expected stock price volatility	60.0%	60.0%	52.0%
Risk-free interest rate	3.86%	4.35%	4.98%
Expected life of options (years)	7.0	7.0	7.0

(a) Blockbuster paid dividends of \$0.02 per share each quarter on both its class A common stock and class B common stock for the years ended December 31, 2003, 2002 and 2001.

The following table summarizes Blockbuster's stock option activity pursuant to Blockbuster's stock option plan:

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 2000	13,695,541	\$ 13.72
Granted	5,274,808	17.43
Exercised	(1,833,057)	14.18
Canceled	(1,725,648)	14.07
Balance at December 31, 2001	15,411,644	14.90
Granted	5,135,379	19.81
Exercised	(2,790,719)	14.06
Canceled	(1,208,050)	15.39
Balance at December 31, 2002	16,548,254	16.53
Granted	4,122,840	15.69
Exercised	(1,260,297)	14.34
Canceled	(1,563,288)	16.74

Balance at December 31, 2003	17,847,509	16.47
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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

10) STOCKHOLDERS' EQUITY —(Continued)

The following table summarizes information concerning currently outstanding and exercisable Blockbuster stock options issued to Blockbuster employees and directors at December 31, 2003:

Range of Exercise Price	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life (Years)	Weighted- Average Exercise Price	Number of Options	Weighted-Average Exercise Price
\$11 to 14.99	2,261,183	6.8	\$ 11.25	1,319,918	\$ 11.04
15 to 19.99	14,761,126	7.8	16.79	4,553,906	15.90
20 to 24.99	425,200	8.4	23.79	112,600	23.81
25 to 29.99	400,000	8.2	26.47	100,000	26.47
	17,847,509			6,086,424	

11) INCOME TAXES

U.S. and foreign earnings (losses) before income taxes were as follows:

Year Ended December 31,	2003	2002	2001
United States	\$ 2,963.6	\$ 3,372.7	\$ 590.8
Foreign	(102.4)	361.5	185.5
Total	\$ 2,861.2	\$ 3,734.2	\$ 776.3

Components of the provision for income taxes on earnings (losses) before income taxes were as follows:

Year Ended December 31,	2003	2002	2001
Current:			
Federal	\$ 808.0	\$ 539.9	\$ 527.8
State and local	224.7	281.7	200.5
Foreign	100.1	34.4	77.5
	1,132.8	856.0	805.8
Deferred	466.2	592.9	114.1
Provision for income taxes	\$ 1,599.0	\$ 1,448.9	\$ 919.9

The equity losses of affiliated companies were shown net of tax on the Company's Consolidated Statements of Operations. The tax (provision) benefit relating to losses from equity investments in 2003, 2002 and 2001 were \$26.7 million, (\$14.2) million and \$21.2 million, respectively, which represented an effective tax rate of 102.5%, (56.0%) and 14.3%, respectively.

For 2003, the cumulative effect of change in accounting of \$18.5 million was presented net of a tax benefit of \$11.5 million. For 2002, the cumulative effect of change in accounting principle of \$1.5 billion was net of minority interest and reflected no tax benefit.

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(Tabular dollars in millions, except per share amounts)

11) INCOME TAXES —(Continued)

In 2003 and 2002, respectively, \$77.1 million and \$210.3 million of income tax benefit was recorded as a component of stockholders' equity and minority interest as a result of exercised stock options.

A reconciliation of the statutory U.S. federal tax rate to the Company's effective tax rate on earnings before income taxes is summarized as follows:

Year Ended December 31,	2003	2002	2001
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
Impairment charges	16.1	—	—
State and local taxes, net of federal tax benefit	4.3	5.7	7.3
Effect of foreign operations	(1.1)	(4.4)	(1.3)
Amortization of intangibles	—	—	92.1
Realization of additional stock basis	—	—	(11.6)
Nontaxable gain on like-kind exchange	—	—	(10.4)
Other, net	1.6	2.5	7.4
Effective tax rate on earnings before income taxes	55.9%	38.8%	118.5%

The following is a summary of the components of the deferred tax accounts:

Year Ended December 31,	2003	2002
Deferred tax assets:		
Provision for expense and losses	\$ 1,105.8	\$ 1,157.3
Postretirement and other employee benefits	827.7	947.6
Tax credit and loss carryforwards	188.4	301.2
Other	105.7	358.7
Total deferred tax assets	2,227.6	2,764.8
Valuation allowance	(103.9)	(76.7)
Net deferred tax assets	\$ 2,123.7	\$ 2,688.1
Deferred tax liabilities:		
Property, equipment and intangible assets	\$ (2,351.9)	\$ (2,160.5)
Lease portfolio	(264.4)	(289.5)
Total deferred tax liabilities	\$ (2,616.3)	\$ (2,450.0)
Deferred tax (liabilities) assets, net	\$ (492.6)	\$ 238.1

At December 31, 2003 and 2002, the Company had net current deferred tax assets of \$69.0 million and \$238.6 million and non-current deferred income tax liabilities of \$561.6 million and \$289.5 million, respectively. At December 31, 2002, the Company had a non-current deferred tax asset of \$289.0 million. The Company included in "Other liabilities," in 2003 and 2002, respectively, non-current deferred income tax liabilities of \$264.4 million and \$289.5 million, for its retained liabilities of discontinued business.

VIACOM INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)**

(Tabular dollars in millions, except per share amounts)

11) INCOME TAXES —(Continued)

At December 31, 2003, the Company had net operating loss carryforwards for federal, state and local and foreign jurisdiction of approximately \$578.9 million, which expire in various years from 2004 through 2018.

The 2003 and 2002 deferred tax assets were reduced by a valuation allowance of \$103.9 million and \$76.7 million, respectively, principally relating to tax benefits of net operating losses which are not expected to be realized.

The Company's share of the undistributed earnings of foreign subsidiaries not included in its consolidated federal income tax return that could be subject to additional income taxes if remitted was approximately \$2.0 billion at December 31, 2003 and \$1.9 billion at December 31, 2002. No provision has been recorded for the U.S. or foreign taxes that could result from the remittance of such undistributed earnings since the Company intends to distribute only the portion of such earnings which would be offset by U.S. foreign tax credits, and intends to reinvest the remainder outside the U.S. indefinitely, and for this portion it is not practicable to estimate the amount of such deferred taxes.

The federal income tax returns of the Company have been settled through 1996. The IRS is currently examining the years 1997 through 2002. In addition, the Company is responsible for the federal income tax audits of several of its subsidiaries for periods prior to their acquisition by Viacom. The Company believes that adequate provision has been made for income taxes for all periods through December 31, 2003.

12) PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company and certain of its subsidiaries have principally non-contributory pension plans covering specific groups of employees. The benefits for certain plans are based primarily on an employee's years of service and average pay near retirement. Benefits under other plans are based primarily on an employee's pay for each year that the employee participates in the plan. Participating employees are vested in the plans after five years of service. The Company's policy for all pension plans is to fund amounts in accordance with the Employee Retirement Income Security Act of 1974, the Internal Revenue code of 1986 and the applicable rules and regulations. Plan assets consist principally of equity securities, marketable bonds and U.S. government securities. The Company's Class B Common Stock represents approximately 4.8% and 5.1% of the plan assets' fair values at December 31, 2003 and 2002, respectively.

In addition, the Company sponsors health and welfare plans that provide certain postretirement health care and life insurance benefits to retired employees and their covered dependents. Retiring employees are eligible for these benefits if they meet certain age and service requirements at the time of their retirement. Most of the plans are contributory and contain cost-sharing features such as deductibles and coinsurance which are adjusted annually. Some of the plans are partially funded; however, the Company funds most of these benefits as claims are paid.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

12) PENSION AND OTHER POSTRETIREMENT BENEFITS —(Continued)

The Company uses a December 31 measurement date for all pension and other postretirement benefit plans. The following table sets forth the change in benefit obligation for the Company's benefit plans:

At December 31,	Pension Benefits		Postretirement Benefits	
	2003	2002	2003	2002
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ 5,577.0	\$ 5,099.7	\$ 1,291.9	\$ 1,190.1
Service cost	58.2	50.2	2.6	2.4
Interest cost	345.6	347.6	80.3	82.2
Actuarial loss/(gain)	190.3	579.0	(32.5)	121.4
Benefits paid	(521.3)	(506.7)	(103.9)	(106.4)
Business combinations	3.9	—	—	—
Participants' contributions	.2	—	10.2	2.5
Amendments	—	4.2	2.0	(.3)
Curtailments/settlements	1.0	—	—	—
Cumulative translation adjustments	38.3	3.0	—	—
Benefit obligation, end of year	\$ 5,693.2	\$ 5,577.0	\$ 1,250.6	\$ 1,291.9

The following table sets forth the change in plan assets for the Company's benefit plans:

At December 31,	Pension Benefits		Postretirement Benefits	
	2003	2002	2003	2002
Change in plan assets:				
Fair value of plan assets, beginning of year	\$ 4,248.9	\$ 4,566.0	\$ 32.6	\$ 44.0
Actual return on plan assets	531.8	143.0	.4	2.2
Employer contributions	167.1	43.9	156.7	90.3
Benefits paid	(521.3)	(506.7)	(103.9)	(106.4)
Business combinations	1.4	—	—	—
Participants' contributions	.2	—	10.2	2.5
Cumulative translation adjustments	38.3	2.7	—	—

Fair value of plan assets, end of year	\$	4,466.4	\$	4,248.9	\$	96.0	\$	32.6
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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

12) PENSION AND OTHER POSTRETIREMENT BENEFITS —(Continued)

The accrued pension and postretirement costs recognized in the Company's Consolidated Balance Sheets were computed as follows:

At December 31,	Pension Benefits		Postretirement Benefits	
	2003	2002	2003	2002
Funded status	\$ (1,226.8)	\$ (1,328.1)	\$ (1,154.6)	\$ (1,259.3)
Unrecognized transition obligation	1.5	.8	—	—
Unrecognized prior service cost (benefit)	13.4	10.1	(5.4)	(8.6)
Unrecognized actuarial loss	884.0	988.2	146.5	182.7
Accrued pension liability, net	\$ (327.9)	\$ (329.0)	\$ (1,013.5)	\$ (1,085.2)
Amounts recognized in the Consolidated Balance Sheets:				
Accrued liability	\$ (1,119.0)	\$ (1,194.0)	\$ (1,013.5)	\$ (1,085.2)
Prepaid benefits cost	17.3	—	—	—
Intangible assets	17.0	19.5	—	—
Accumulated other comprehensive pre-tax loss	756.8	845.5	—	—
Net liability recognized	\$ (327.9)	\$ (329.0)	\$ (1,013.5)	\$ (1,085.2)

The accumulated benefit obligation for all defined pension plans were \$5,549.4 million and \$5,418.9 million at December 31, 2003 and 2002, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets is set forth below:

At December 31,	2003	2002
Projected benefit obligation	\$ 5,612.4	\$ 5,543.0
Accumulated benefit obligation	\$ 5,473.3	\$ 5,393.6
Fair value of plan assets	\$ 4,366.3	\$ 4,199.7

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

12) PENSION AND OTHER POSTRETIREMENT BENEFITS —(Continued)

Net periodic cost for the Company's pension and postretirement benefit plans consists of the following:

At December 31,	Pension Benefits			Postretirement Benefits		
	2003	2002	2001	2003	2002	2001
Components of net periodic cost:						
Service cost	\$ 58.2	\$ 50.2	\$ 49.7	\$ 2.6	\$ 2.4	\$ 2.4
Interest cost	345.6	347.6	364.6	80.3	82.2	82.7
Expected return on plan assets	(295.4)	(354.7)	(388.6)	(2.0)	(2.5)	(3.7)
Amortization of transition obligation	(.6)	(.7)	(1.1)	—	—	—
Amortization of prior service cost	1.6	1.1	1.9	(1.1)	(1.2)	(1.1)
Recognized actuarial loss (gain)	46.1	5.6	(.1)	5.3	(.6)	(.1)
Net periodic cost	\$ 155.5	\$ 49.1	\$ 26.4	\$ 85.1	\$ 80.3	\$ 80.2

	Pension Benefits		Postretirement Benefits	
	2003	2002	2003	2002
Additional Information:				
Decrease (increase) in minimum liability reflected in other comprehensive income	\$88.7	\$ (825.6)	N/A	N/A
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate	6.0%	6.5%	6.0%	6.5%
Rate of compensation increase	3.5%	4.0%	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:				
Discount rate	6.5%	7.2%	6.5%	7.3%
Expected long-term return on plan assets	7.3%	8.3%	8.0%	8.0%
Rate of compensation increase	4.0%	4.5%	N/A	N/A

N/A—not applicable

Overall asset returns were based upon the target asset allocation and return estimates for equity and debt securities. The expected rate of return for equities was based upon the long-term equity risk premium over the risk-free rate which was then adjusted downward from the historical rate to reflect recent market conditions. The expected return on debt securities was based upon an analysis of current and historical yields on portfolios of similar quality and duration.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

12) PENSION AND OTHER POSTRETIREMENT BENEFITS —(Continued)

The following weighted average assumptions were also used in accounting for postretirement benefits:

	2003	2002
Projected health care cost trend rate for participants of age 65 and below	8.0%	8.5%
Projected health care cost trend rate for participants above age 65	9.5%	10.0%
Ultimate trend rate	5.0%	5.0%
Year ultimate trend rate is achieved for participants of age 65 and below	2010	2010
Year ultimate trend rate is achieved for participants above age 65	2013	2013

Assumed health care cost trend rates could have a significant effect on the amounts reported for the postretirement health care plan. A one percentage point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point Increase		One Percentage Point Decrease	
Effect on total of service and interest cost components	\$	3.3	\$	(3.1)
Effect on the accumulated postretirement benefit obligation	\$	59.8	\$	(54.6)

The asset allocations for the Company's retirement benefit trusts for the qualified pension benefit plans are based upon an analysis of the timing and amount of projected benefit payments, the expected returns and risk of the asset classes and the correlation of those returns. The Company's largest retirement benefit trust, which accounted for 81.4% of assets at December 31, 2003 is invested approximately 80% in a diversified portfolio of high quality fixed income instruments with a duration that approximates the duration of the liabilities covered by that trust. The Company's other trusts are invested approximately 60% in equity securities with the balance in fixed income securities, including cash. All equity portfolios are diversified between U.S and non-U.S. equities and include small and large capitalization equities.

The weighted-average percentage of asset allocations of the Company's domestic pension plans at December 31, 2003 and 2002, by asset category were as follows:

Plan Assets at December 31,	2003	2002
Equity securities	30.3%	24.3%
Debt securities	64.8	74.3
Cash and other	4.9	1.4
Total	100.0%	100.0%

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

12) PENSION AND OTHER POSTRETIREMENT BENEFITS —(Continued)

The weighted-average percentage of asset allocations of the Company's other postretirement benefit plans at December 31, 2003 and 2002, by asset category were as follows:

Plan Assets at December 31,	2003	2002
Cash	95.4%	87.1%
Debt securities	4.6	12.9
Total	100.0%	100.0%

The Company contributes to multi-employer plans that provide pension and health and welfare benefits to certain employees under collective bargaining agreements. The contributions to these plans were \$57.9 million (2003) and \$44.8 million (2002). In addition, the Company has defined contribution plans for the benefit of substantially all employees meeting certain eligibility requirements. Employer contributions to such plans were \$47.5 million, \$42.3 million and \$50.4 million for the years ended December 31, 2003, 2002 and 2001, respectively.

The Company expects to contribute \$44 million to the pension plans and \$6 million to its other postretirement benefit plans in 2004.

13) COMMITMENTS AND CONTINGENCIES

The Company's commitments not recorded on the balance sheet primarily consist of programming and talent commitments, operating lease arrangements, purchase obligations for goods and services and guaranteed minimum franchise payments. These arrangements result from the Company's normal course of business and represent obligations that are payable over several years.

Programming and talent commitments of the Company, estimated to aggregate approximately \$13.2 billion as of December 31, 2003 included \$8.2 billion for the acquisition of sports programming rights, \$3.2 billion relating to television, radio and feature film production and acquisitions and \$1.1 billion for talent contracts. A majority of such fees are payable over several years, as part of the normal course of business.

The Company has long-term noncancelable operating lease commitments for retail and office space and equipment, transponders, studio facilities and vehicles. The Company also enters into capital leases for satellite transponders and buildings. At December 31, 2003, future operating leases payments are estimated to aggregate \$5.4 billion.

The Company also has purchase obligations which include agreements to purchase goods or services in the future that totaled \$1.2 billion as of December 31, 2003.

Viacom's outdoor advertising business has franchise rights entitling it to display advertising on media including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage. Under most of these franchise agreements, the franchiser is entitled to receive the greater of a percentage of the relevant advertising revenues, net of advertising agency fees, or a specified guaranteed minimum annual payment.

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

12) PENSION AND OTHER POSTRETIREMENT BENEFITS —(Continued)

At December 31, 2003, minimum rental payments under noncancelable leases and minimum franchise payments were as follows:

	Capital	Leases	Operating	Guaranteed Minimum Franchise Payments
2004	\$ 102.2	\$ 972.0	\$ 424.5	
2005	88.0	833.6	362.8	
2006	73.7	712.5	257.5	
2007	66.0	571.2	114.7	
2008	50.6	445.7	90.0	
2009 and thereafter	128.1	1,901.8	204.0	

Total minimum payments	508.6	\$	5,436.8	\$	1,453.5
Less amounts representing interest	121.6				
Present value of net minimum payments	\$	387.0			

Future minimum capital lease payments have not been reduced by future minimum sublease rentals of \$8.0 million. Future minimum operating lease payments have been reduced by future minimum sublease income of \$136.9 million. Rent expense amounted to \$997.7 million (2003), \$951.6 million (2002) and \$997.4 million (2001).

Guarantees

Effective January 1, 2003, the Company adopted the recognition provisions of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45") for guarantees issued or modified after December 31, 2002. FIN 45 requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of an obligation assumed by issuing a guarantee. FIN 45 also requires additional disclosures for certain guarantees. The adoption of FIN 45 did not have a significant impact on the Company's financial position, results of operations or cash flows.

The Company owns a 50% equity interest in United Cinemas International ("UCI"), which operates movie theaters in Europe, Latin America and Asia. As of December 31, 2003, the Company guaranteed approximately \$291.9 million of UCI's debt obligations under a revolving credit facility, which expires in December 2004, and \$175.6 million of UCI's theater leases. The Company also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theatres LLC and guarantees certain theater leases for approximately \$13.2 million. The debt and lease guarantees would only be triggered upon non-payment by the respective primary obligors. These guarantees are not recorded on the balance sheet as of December 31, 2003 as they were provided by the Company prior to the adoption of FIN 45.

Additionally, the Company has indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated \$348.0 million at December 31, 2003 and are not recorded in the balance sheet as of December 31, 2003.

The Company is also subject to certain off-balance sheet lease guarantees related to the divestitures of certain businesses. In October 1998, Blockbuster Music stores were sold to Wherehouse Entertainment Inc. ("Wherehouse"). Some of the leases transferred in connection with this sale had previously been guaranteed either by the Company or its affiliates. The remaining initial terms of these

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

12) PENSION AND OTHER POSTRETIREMENT BENEFITS —(Continued)

leases expire on various dates through 2007. However, certain leases contain renewal options that can extend the primary lease term and remain subject to the guarantee. Blockbuster had previously agreed to indemnify the Company with respect to any amount paid under these guarantees. On January 21, 2003, Wherehouse filed a petition for protection under Chapter 11 of U.S. bankruptcy law. Based on information regarding lease and guarantee expirations originally available to Blockbuster in connection with the Wherehouse bankruptcy, Blockbuster estimated a contingent liability of approximately \$36.0 million. Of this amount Blockbuster recorded a reserve of \$18.7 million during the fourth quarter of 2002 which represented its estimate of the lease guarantee obligation at that time. During 2003, Blockbuster paid approximately \$8.2 million associated with the lease guarantee obligation. As of December 31, 2003, Blockbuster estimated its contingent liability for Wherehouse leases to be approximately \$12.6 million. Of this amount Blockbuster determined its reserve to be \$7.9 million and as a result Blockbuster reduced its original reserve by \$2.6 million. The Company had previously accounted for these reserves in discontinued operations.

In the course of its business, the Company both provides and receives the benefit of indemnities which are intended to allocate certain risks associated with business transactions. Similarly, the Company may remain contingently liable for various obligations of a business that has been divested in the event that a third party does not live up to its obligations under an indemnification obligation. The Company records a liability for its indemnification obligations and other contingent liabilities when probable under generally accepted accounting principles.

Legal Matters

Asbestos and Environmental. The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. The Company is typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of the Company's products is the basis of a claim. Claims against the Company in which a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos-containing grades of decorative micarta, a laminate used in commercial ships.

Claims typically are both filed and settled in large groups, which makes the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of December 31, 2003, the Company had pending approximately 112,280 asbestos claims, as compared to approximately 103,800 as of December 31, 2002 and approximately 106,000 as of December 31, 2001. The 2002 and 2001 numbers of claims included approximately 1,100 claims and 7,100 claims, respectively, on inactive dockets in various states which would not be counted as pending under the Company's current methodology. Of the claims pending as of December 31, 2003, approximately 82,340 were pending in state courts, 27,400 in federal court and approximately 2,540 were third party claims. During 2003, the Company received approximately 36,990 new claims and closed or moved to

an inactive docket approximately 28,500 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

12) PENSION AND OTHER POSTRETIREMENT BENEFITS —(Continued)

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs (recovery) in 2003 and 2002 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$(8.7) million and \$28 million, respectively. A portion of such costs relates to claims settled in prior years. If proceeds received in 2003 from commuted insurance policies were excluded from the Company's total costs in 2003, the Company's total costs after insurance recoveries and net of tax benefits would have been \$56.6 million.

The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities and that these asbestos liabilities are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

The Company from time to time receives claims from federal and state environmental regulatory agencies and other entities asserting that it is or may be liable for environmental cleanup costs and related damages principally relating to discontinued operations conducted by companies acquired by the Company. In addition, the Company from time to time receives personal injury claims including toxic tort and product liability claims arising from historical operations of the Company and its predecessors.

Antitrust. In July 2002, judgment was entered in favor of the Company, Blockbuster, Paramount Home Entertainment and other major motion picture studios and their home video subsidiaries with respect to a complaint filed in the United States District Court for the Western District of Texas. The complaint included federal antitrust and California state law claims. In August 2003, the Fifth Circuit Court of Appeals affirmed the federal court judgment. The Supreme Court of the United States refused plaintiffs' petition for writ of certiorari in March 2004. In February 2003, a similar complaint that had been filed in a Los Angeles County Superior Court was also dismissed with prejudice. The plaintiffs have appealed the California state court dismissal, as well as a prior denial of class certification. The Company believes that the plaintiffs' positions in these litigations are without merit and intends to continue to vigorously defend itself in the litigations.

Blockbuster Securities Actions. During February and March 2003, putative class action complaints were filed against Blockbuster in the United States District Court for the Northern District of Texas. A director and certain officers of Blockbuster were also named as defendants. The remaining putative class actions have been consolidated into one action styled *In re Blockbuster Inc. Securities Litigation*, which is pending in the same court. The consolidated amended complaint, filed July 2003, claims violations of the Securities Exchange Act of 1934 for the time period approximately between February and December 2002. It also generally alleges that the defendants made untrue statements of material fact and/or omitted to disclose material facts about Blockbuster's business and operations, that the value of Blockbuster's common stock was therefore artificially inflated and that certain of the individual defendants sold shares of Blockbuster's common stock at inflated prices. The plaintiffs seek unspecified compensatory damages. In addition, three shareholder derivative actions were filed in February, March and April 2003, of which one is pending in federal court in Texas and two have been consolidated into one action in Texas state court, each arising from substantially similar operative facts. These shareholder derivative actions include claims for breach of fiduciary duties for various time periods beginning in February 2002 and name certain Blockbuster officers and directors, some of whom are directors and/or executive officers of the Company, as individual defendants, and Blockbuster as a nominal defendant. The Company and Blockbuster believe the plaintiffs' positions in all of these actions are without merit and Blockbuster intends to vigorously defend these matters.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

13) COMMITMENTS AND CONTINGENCIES —(Continued)

Other. In December 2002, Buena Vista Home Entertainment, Inc. filed a complaint in the United States District Court for the Central District of California claiming that Blockbuster had breached the revenue-sharing agreement between the two parties. Buena Vista claims damages in excess of \$120 million. Blockbuster has answered and asserted counterclaims for reformation and breach of contract. On July 22, 2003, the California federal court granted Buena Vista's motion for partial summary judgment, stating in its ruling that a liquidated damages provision in the contract is enforceable. The court reaffirmed its ruling when it denied Blockbuster's motion for reconsideration in February 2004. Blockbuster has several remaining defenses to the claims asserted by Buena Vista. Blockbuster and the Company believe the plaintiff's position is without merit, and intend to vigorously defend this matter.

Litigation is inherently uncertain and always difficult to predict. However, based on its understanding and evaluation of the relevant facts and circumstances, the Company believes that all of the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows.

14) REPORTABLE SEGMENTS

The following tables set forth the Company's financial performance by reportable operating segment. The Company's reportable operating segments have been determined in accordance with the Company's internal management structure, which is organized based upon products and services. The Company operates six segments: (i) Cable Networks, (ii) Television, (iii) Radio, (iv) Outdoor, (v) Entertainment and (vi) Video. Effective January 1, 2003, the Company operates its

previously reported Infinity segment as two segments, Radio and Outdoor. Prior period segment information has been reclassified to conform with the current presentation.

The accounting policies of the segments are the same as those described in Note 1—Summary of Significant Accounting Policies. Intercompany revenue eliminations associated with the Entertainment, Television, Cable, Radio and Outdoor segments were \$353.3 million, \$182.6 million, \$73.0 million, \$43.5 million and \$27.7 million, respectively, for 2003. Operating income eliminations primarily reflect the timing of intercompany transactions from the sale of television product to Cable Networks and the sale of feature films to cable and broadcast networks and the Video segment. The 2002 intercompany revenue eliminations were principally associated with the Entertainment, Television and Cable segments and were \$357.4 million, \$181.2 million and \$60.0 million, respectively. The 2001 intercompany revenue eliminations

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

14) REPORTABLE SEGMENTS —(Continued)

were principally associated with the Entertainment, Television and Cable segments and were \$406.7 million, \$296.4 million and \$77.1 million, respectively.

Year Ended December 31,	2003	2002	2001
Revenues:			
Cable Networks	\$ 5,645.5	\$ 4,726.7	\$ 4,297.6
Television	7,761.0	7,456.8	7,218.7
Radio	2,097.6	2,121.6	2,014.8
Outdoor	1,748.3	1,633.5	1,656.6
Entertainment	4,101.3	3,680.1	3,626.8
Video	5,911.7	5,565.9	5,156.7
Intercompany eliminations	(680.1)	(578.9)	(748.4)
Total Revenues	\$ 26,585.3	\$ 24,605.7	\$ 23,222.8
Operating Income:			
Cable Networks	\$ 2,172.3	\$ 1,772.2	\$ 1,234.9
Television	1,238.1	1,177.6	385.8
Radio	975.0	1,007.6	382.4
Outdoor	207.9	218.0	(90.6)
Entertainment	271.4	358.3	215.3
Video	(847.8)	355.8	(219.6)
Segment Total	4,016.9	4,889.5	1,908.2
Corporate expenses	(187.9)	(159.0)	(169.1)
Residual costs(a)	(146.5)	(67.8)	(87.2)
Eliminations	(56.7)	(66.0)	(191.7)
Total Operating Income	\$ 3,625.8	\$ 4,596.7	\$ 1,460.2
Interest expense	(776.0)	(848.3)	(969.2)
Interest income	14.8	15.8	30.6
Other items, net	(3.4)	(30.0)	254.7
Earnings before income taxes, equity in loss of affiliated companies, minority interest and cumulative effect of change in accounting principle	2,861.2	3,734.2	776.3
Provision for income taxes	(1,599.0)	(1,448.9)	(919.9)
Equity in loss of affiliated companies, net of tax	(.6)	(39.5)	(127.0)
Minority interest, net of tax	173.8	(39.2)	47.1
Net earnings (loss) before cumulative effect of change in accounting principle	1,435.4	2,206.6	(223.5)
Cumulative effect of change in accounting principle, net of minority interest and tax	(18.5)	(1,480.9)	—
Net Earnings (loss)	\$ 1,416.9	\$ 725.7	\$ (223.5)

(a) Primarily includes pension and postretirement benefit costs for benefit plans retained by the Company for previously divested businesses.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

14) REPORTABLE SEGMENTS —(Continued)

Year Ended December 31,	2003	2002	2001
Depreciation and Amortization:			
Cable Networks	\$ 195.3	\$ 190.9	\$ 447.1
Television	151.1	140.8	786.4
Radio	27.4	30.8	608.0
Outdoor	215.9	205.6	617.9
Entertainment	129.7	120.7	182.8
Video	257.9	233.8	423.7
Segment Depreciation and Amortization	977.3	922.6	3,065.9
Corporate	22.5	23.0	21.1
Total Depreciation and Amortization	\$ 999.8	\$ 945.6	\$ 3,087.0

At December 31,	2003	2002
Total Assets:		
Cable Networks	\$ 13,186.2	\$ 11,548.7
Television	25,648.6	25,704.5
Radio	25,256.9	25,288.0
Outdoor	14,444.3	14,299.2
Entertainment	6,278.0	5,953.9
Video	4,826.8	6,206.1
Segment Assets	89,640.8	89,000.4
Corporate	1,796.2	1,938.6
Eliminations	(1,588.5)	(895.8)
Total Assets	\$ 89,848.5	\$ 90,043.2

Year Ended December 31,	2003	2002	2001
Capital Expenditures:			
Cable Networks	\$ 90.3	\$ 95.7	\$ 139.9
Television	123.6	138.7	120.2
Radio	14.1	14.4	12.4
Outdoor	58.1	67.1	86.9
Entertainment	66.4	74.6	54.9
Video	176.8	140.6	93.1
Segment Capital Expenditures	529.3	531.1	507.4
Corporate	5.1	6.0	8.0
Total Capital Expenditures	\$ 534.4	\$ 537.1	\$ 515.4

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

14) REPORTABLE SEGMENTS —(Continued)

Information regarding the Company's consolidated revenues by type is as follows:

Year Ended December 31,	Revenues by Type		
	2003	2002	2001
Advertising sales	\$ 12,071.9	\$ 11,225.1	\$ 10,722.8
Rental/retail sales	5,815.1	5,480.1	5,049.9
Affiliate fees	2,407.7	2,199.0	2,030.9
Feature film exploitation	2,212.4	1,860.0	1,853.6
TV license fees	1,514.5	1,472.2	1,359.2
Other (a)	2,563.7	2,369.3	2,206.4
Total	\$ 26,585.3	\$ 24,605.7	\$ 23,222.8

(a) Other primarily includes revenues from publishing, theme park operations and movie theaters.

Information regarding the Company's operations by geographic area is as follows:

Year Ended or At December 31,	2003	2002	2001
Revenues (a):			
United States	\$ 21,698.3	\$ 20,576.5	\$ 19,466.5
International	4,887.0	4,029.2	3,756.3
Total Revenues	\$ 26,585.3	\$ 24,605.7	\$ 23,222.8
Long-lived Assets (b):			
United States	\$ 78,910.3	\$ 79,285.2	\$ 80,730.1
International	2,684.6	2,692.4	2,652.0
Total Long-lived Assets	\$ 81,594.9	\$ 81,977.6	\$ 83,382.1

Intercompany transactions between geographic areas are not significant.

(a) Revenue classifications are based on customers' locations.

(b) Reflects total assets less current assets, non-current deferred tax assets and investments in affiliated companies.

15) OTHER ITEMS, NET

For the year ended December 31, 2003, "Other items, net" reflected a net loss of \$3.4 million principally consisting of foreign exchange losses of \$2.3 million, losses associated with securitizing trade receivables of \$14.8 million and an aggregate loss of \$7.0 million resulting from the write-down of several investments to their market value, partially offset by a net gain on the disposition of investments of \$14.8 million and an insurance recoupment of \$5.6 million.

For the year ended December 31, 2002, "Other items, net" reflected a net loss of \$30.0 million which principally consisted of foreign exchange losses of \$51.9 million, losses of \$19.7 million associated with securitizing trade receivables and an aggregate loss of approximately \$13.8 million resulting from the write-down of several investments to their market value. These losses were partially offset by the recovery

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

15) OTHER ITEMS, NET —(Continued)

of advertising commitments of \$29.8 million, a gain of \$18.8 million on the sale of a telephone kiosk advertising business and a net gain of \$5.5 million from the sale of investments.

For the year ended December 31, 2001, "Other items, net" of \$254.7 million principally reflected a gain from television station swaps of \$210.1 million and the recovery of certain advertising commitments of \$250.0 million offset by impairment losses of approximately \$125.0 million related to the Company's investments. The one-time pre-tax gains were also partially offset by foreign exchange losses of \$8.2 million and losses of \$22.8 million associated with securitizing trade receivables. Additionally, 2001 reflects an impairment loss of \$46.6 million related to the purchase of two television stations. The recovery of advertising commitments in 2002 and 2001 reflected the restructuring of agreements with several Internet companies. As a result, the Company was released from related advertising commitments and reversed related deferred revenues.

16) SUPPLEMENTAL CASH FLOW INFORMATION

Year Ended or At December 31,	2003	2002	2001
Cash paid for interest, net of amounts capitalized	\$ 693.6	\$ 727.6	\$ 825.8
Cash paid for income taxes	\$ 933.9	\$ 630.1	\$ 430.3
Supplemental schedule of non-cash investing and financing activities:			
Equipment acquired under capitalized leases	\$ 80.3	\$ 42.9	\$ 55.0
Fair value of assets acquired	\$ 1,372.3	\$ 1,009.3	\$ 11,355.9
Fair value of liabilities assumed	(100.7)	(91.4)	(329.4)
Minority interest	73.4	159.7	5,749.4
Cash paid, net of cash acquired	(1,345.0)	(926.0)	(886.1)
Impact on stockholders' equity	\$ —	\$ 151.6	\$ 15,889.8

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

17) QUARTERLY FINANCIAL DATA (unaudited quarterly data)

2003	First Quarter	Second Quarter(a)	Third Quarter	Fourth Quarter(b)	Total Year
Revenues	\$ 6,050.8	\$ 6,418.3	\$ 6,599.8	\$ 7,516.4	\$ 26,585.3
Operating income (loss)	\$ 986.8	\$ 1,315.5	\$ 1,379.5	\$ (56.0)	\$ 3,625.8
Net earnings (loss) before cumulative effect of change in accounting principle	\$ 461.6	\$ 659.6	\$ 699.6	\$ (385.4)	\$ 1,435.4
Net earnings (loss)	\$ 443.1	\$ 659.6	\$ 699.6	\$ (385.4)	\$ 1,416.9
Basic earnings (loss) per common share:					
Earnings (loss) before cumulative effect of change in accounting principle	\$.26	\$.38	\$.40	\$ (.22)	\$.82
Net earnings (loss)	\$.25	\$.38	\$.40	\$ (.22)	\$.81
Diluted earnings (loss) per common share:					
Earnings before cumulative effect of change in accounting principle	\$.26	\$.37	\$.40	\$ (.22)	\$.82
Net earnings (loss)	\$.25	\$.37	\$.40	\$ (.22)	\$.80
Dividends per common share (c)	—	—	\$.06	\$.06	\$.12
Weighted average number of common shares outstanding:					
Basic	1,745.9	1,746.2	1,745.0	1,739.1	1,744.0
Diluted	1,761.1	1,765.3	1,763.2	1,739.1	1,760.7

- (a) As described in Note 4 to the Company's consolidated financial statements, the Company recognized a charge of \$26.4 million in the second quarter of 2003 principally resulting from the acquisition of Comedy Central, organizational changes at Showtime Networks Inc. and additional lease termination costs for MTVN due to a change in the initial estimate for its 2001 charge.
- (b) As described in Note 4 to the Company's consolidated financial statements, the Company recorded a non-cash impairment charge of \$1.3 billion (\$1.0 billion, net of minority interest and tax) related to a reduction in Blockbuster's goodwill and other long-lived assets.
- (c) Viacom's Board of Directors declared a quarterly cash dividend of \$.06 per share on its common stock during the third and fourth quarters of 2003.

2002	First Quarter(a)	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenues	\$ 5,672.2	\$ 5,849.5	\$ 6,306.5	\$ 6,777.5	\$ 24,605.7
Operating income	\$ 865.5	\$ 1,177.8	\$ 1,288.2	\$ 1,265.2	\$ 4,596.7
Net earnings before cumulative effect of change in accounting principle	\$ 367.4	\$ 546.5	\$ 640.3	\$ 652.4	\$ 2,206.6
Net earnings (loss)	\$ (1,113.5)	\$ 546.5	\$ 640.3	\$ 652.4	\$ 725.7
Basic earnings (loss) per common share:					
Earnings before cumulative effect of change in accounting principle	\$.21	\$.31	\$.37	\$.37	\$ 1.26
Net earnings (loss)	\$ (.64)	\$.31	\$.37	\$.37	\$.41
Diluted earnings per common share:					
Earnings before cumulative effect of change in accounting principle	\$.21	\$.31	\$.36	\$.37	\$ 1.24
Net earnings (loss)	\$ (.63)	\$.31	\$.36	\$.37	\$.41
Weighted average number of common shares outstanding:					
Basic	1,753.5	1,756.1	1,752.8	1,749.0	1,752.8

Diluted	1,778.7	1,781.7	1,770.3	1,768.5	1,774.8
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(a) As described in Note 5 to the Company's consolidated financial statements, the Company recorded an after-tax non-cash goodwill impairment charge of \$1.5 billion, net of \$336.1 million of minority interest, as a cumulative effect of a change in accounting principle.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

18) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International is a wholly owned subsidiary of the Company. Viacom International has fully and unconditionally guaranteed Viacom Inc.'s debt securities (See Note 8). The following condensed consolidating financial statements present the results of operations, financial position and cash flows of Viacom Inc., Viacom International, the direct and indirect Non-Guarantor Affiliates of Viacom Inc. and Viacom International, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

Statement of Operations for the Year Ended December 31, 2003					
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	\$ 195.4	\$ 3,599.7	\$ 22,946.7	\$ (156.5)	\$ 26,585.3
Expenses:					
Operating	84.3	1,134.3	15,176.2	(141.1)	16,253.7
Selling, general and administrative	183.8	925.1	3,289.1	(23.3)	4,374.7
Impairment and restructuring charges	—	9.1	1,322.2	—	1,331.3
Depreciation and amortization	5.3	67.5	927.0	—	999.8
Total expenses	273.4	2,136.0	20,714.5	(164.4)	22,959.5
Operating income	(78.0)	1,463.7	2,232.2	7.9	3,625.8
Interest expense, net	(729.9)	(204.2)	172.9	—	(761.2)
Other items, net	(15.5)	31.6	30.2	(49.7)	(3.4)
Earnings (loss) before income taxes	(823.4)	1,291.1	2,435.3	(41.8)	2,861.2
Benefit (provision) for income taxes	328.6	(506.1)	(1,421.5)	—	(1,599.0)
Equity in earnings (loss) of affiliated companies, net of tax	1,911.7	188.3	8.5	(2,109.1)	(.6)
Minority interest, net of tax	—	—	173.8	—	173.8
Net earnings (loss), before cumulative effect	1,416.9	973.3	1,196.1	(2,150.9)	1,435.4
Cumulative effect of change in accounting principle, net of minority interest and tax	—	(3.3)	(15.2)	—	(18.5)
Net earnings (loss)	\$ 1,416.9	\$ 970.0	\$ 1,180.9	\$ (2,150.9)	\$ 1,416.9

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

18) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS —(Continued)

Statement of Operations for the Year Ended December 31, 2002					
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	\$ 189.1	\$ 3,079.9	\$ 21,504.2	\$ (167.5)	\$ 24,605.7
Expenses:					

Operating	76.2	926.3	13,981.3	(118.7)	14,865.1
Selling, general and administrative	101.5	824.4	3,280.6	(8.2)	4,198.3
Depreciation and amortization	5.1	76.9	863.6	—	945.6
Total expenses	182.8	1,827.6	18,125.5	(126.9)	20,009.0
Operating income	6.3	1,252.3	3,378.7	(40.6)	4,596.7
Interest expense, net	(742.9)	(313.9)	224.3	—	(832.5)
Other items, net	(20.3)	(193.2)	184.0	(.5)	(30.0)
Earnings (loss) before income taxes	(756.9)	745.2	3,787.0	(41.1)	3,734.2
Benefit (provision) for income taxes	295.9	(297.3)	(1,447.5)	—	(1,448.9)
Equity in earnings (loss) of affiliated companies, net of tax	1,186.7	(671.8)	(25.7)	(528.7)	(39.5)
Minority interest, net of tax	—	.2	(39.4)	—	(39.2)
Net earnings (loss), before cumulative effect	725.7	(223.7)	2,274.4	(569.8)	2,206.6
Cumulative effect of change in accounting principle, net of minority interest and tax	—	—	(1,480.9)	—	(1,480.9)
Net earnings (loss)	\$ 725.7	\$ (223.7)	\$ 793.5	\$ (569.8)	\$ 725.7

Statement of Operations for the Year Ended December 31, 2001					
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	\$ 178.9	\$ 2,788.7	\$ 20,581.9	\$ (326.7)	\$ 23,222.8
Expenses:					
Operating	75.6	792.6	13,775.0	(179.4)	14,463.8
Selling, general and administrative	122.5	741.9	3,228.0	—	4,092.4
Restructuring charges	—	66.6	52.8	—	119.4
Depreciation and amortization	8.0	162.2	2,916.8	—	3,087.0
Total expenses	206.1	1,763.3	19,972.6	(179.4)	21,762.6
Operating income	(27.2)	1,025.4	609.3	(147.3)	1,460.2
Interest expense, net	(821.4)	(302.5)	185.3	—	(938.6)
Other items, net	(22.1)	8.3	268.5	—	254.7
Earnings (loss) before income taxes	(870.7)	731.2	1,063.1	(147.3)	776.3
Benefit (provision) for income taxes	348.3	(321.8)	(946.4)	—	(919.9)
Equity in earnings (loss) of affiliated companies, net of tax	298.9	(45.5)	(137.4)	(243.0)	(127.0)
Minority interest, net of tax	—	10.5	36.6	—	47.1
Net earnings (loss)	\$ (223.5)	\$ 374.4	\$ 15.9	\$ (390.3)	\$ (223.5)

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

18) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS —(Continued)

Balance Sheet at December 31, 2003					
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	\$ 212.5	\$ 26.8	\$ 611.4	\$ —	\$ 850.7
Receivables, net	43.6	632.9	3,894.1	(234.3)	4,336.3
Inventory	9.2	173.7	1,351.3	(89.8)	1,444.4
Prepaid expenses and other current assets	85.6	153.9	903.0	(37.6)	1,104.9
Total current assets	350.9	987.3	6,759.8	(361.7)	7,736.3

Property and equipment	49.3	723.8	9,855.5	—	10,628.6
Less accumulated depreciation and amortization	10.3	409.7	4,216.6	—	4,636.6
Net property and equipment	39.0	314.1	5,638.9	—	5,992.0
Inventory	17.8	1,130.2	3,530.2	(91.0)	4,587.2
Goodwill	100.3	627.5	56,329.0	—	57,056.8
Intangibles	—	4.1	12,407.7	—	12,411.8
Investments in consolidated subsidiaries	67,753.5	15,285.7	—	(83,039.2)	—
Other assets	177.5	158.6	1,976.1	(247.8)	2,064.4
Total Assets	\$ 68,439.0	\$ 18,507.5	\$ 86,641.7	\$ (83,739.7)	\$ 89,848.5
Liabilities and Stockholders' Equity					
Accounts payable	\$ 1.3	\$ 42.0	\$ 1,021.8	\$ (11.2)	\$ 1,053.9
Accrued expenses and other	601.9	750.4	3,991.5	(171.4)	5,172.4
Participants' share, residuals and royalties payable	—	40.3	1,214.3	(92.4)	1,162.2
Current portion of long-term debt	—	8.7	187.6	—	196.3
Total current liabilities	603.2	841.4	6,415.2	(275.0)	7,584.8
Long-term debt	9,293.0	35.8	421.6	(67.2)	9,683.2
Other liabilities	(8,666.9)	9,572.7	1,946.7	5,896.0	8,748.5
Minority interest	—	—	627.0	—	627.0
Stockholders' Equity:					
Preferred Stock	—	—	128.2	(128.2)	—
Common Stock	22.7	122.8	1,162.3	(1,289.2)	18.6
Additional paid-in capital	65,836.2	1,924.1	92,863.5	(94,783.5)	65,840.3
Retained earnings	7,183.4	6,080.1	5,335.5	(15,457.1)	3,141.9
Accumulated other comprehensive income (loss)	(388.0)	(69.4)	98.0	8.2	(351.2)
	72,654.3	8,057.6	99,587.5	(111,649.8)	68,649.6
Less treasury stock, at cost	5,444.6	—	22,356.3	(22,356.3)	5,444.6
Total stockholders' equity	67,209.7	8,057.6	77,231.2	(89,293.5)	63,205.0
Total Liabilities and Stockholders' Equity	\$ 68,439.0	\$ 18,507.5	\$ 86,641.7	\$ (83,739.7)	\$ 89,848.5

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

18) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS —(Continued)

Balance Sheet at December 31, 2002					
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	\$ 236.9	\$ 48.4	\$ 346.1	\$ —	\$ 631.4
Receivables, net	49.1	552.9	3,290.5	(171.5)	3,721.0
Inventory	8.2	163.9	1,193.5	(32.9)	1,332.7
Prepaid expenses and other current assets	178.7	167.2	1,135.8	—	1,481.7
Total current assets	472.9	932.4	5,965.9	(204.4)	7,166.8
Property and equipment	52.4	648.0	9,151.2	—	9,851.6
Less accumulated depreciation and amortization	6.6	346.9	3,385.4	—	3,738.9
Net property and equipment	45.8	301.1	5,765.8	—	6,112.7
Inventory	16.0	1,042.8	3,628.1	(159.9)	4,527.0
Goodwill	104.2	624.7	56,387.4	—	57,116.3
Intangibles	—	2.9	12,479.7	—	12,482.6

Investments in consolidated subsidiaries	65,692.5	15,034.2	—	(80,726.7)	—
Other assets	249.9	306.5	2,318.4	(237.0)	2,637.8
Total Assets	\$ 66,581.3	\$ 18,244.6	\$ 86,545.3	\$ (81,328.0)	\$ 90,043.2
Liabilities and Stockholders' Equity					
Accounts payable	\$ 4.7	\$ 52.7	\$ 1,131.7	\$ (12.9)	\$ 1,176.2
Accrued expenses and other	391.9	911.0	3,791.2	(90.1)	5,004.0
Participants' share, residuals and royalties payable	—	23.1	1,014.5	(70.8)	966.8
Current portion of long-term debt	—	13.9	185.1	—	199.0
Total current liabilities	396.6	1,000.7	6,122.5	(173.8)	7,346.0
Long-term debt	9,354.0	210.9	697.2	(56.9)	10,205.2
Other liabilities	(9,941.1)	10,004.3	(1,774.6)	10,870.4	9,159.0
Minority interest	—	—	845.2	—	845.2
Stockholders' Equity:					
Preferred Stock	—	—	127.5	(127.5)	—
Common Stock	18.5	122.8	1,147.5	(1,270.3)	18.5
Additional paid-in capital	65,597.8	1,924.2	97,622.3	(99,546.5)	65,597.8
Retained earnings	6,025.2	5,110.1	4,201.9	(13,403.2)	1,934.0
Accumulated other comprehensive loss	(387.7)	(128.4)	(87.9)	23.5	(580.5)
	71,253.8	7,028.7	103,011.3	(114,324.0)	66,969.8
Less treasury stock, at cost	4,482.0	—	22,356.3	(22,356.3)	4,482.0
Total stockholders' equity	66,771.8	7,028.7	80,655.0	(91,967.7)	62,487.8
Total Liabilities and Stockholders' Equity	\$ 66,581.3	\$ 18,244.6	\$ 86,545.3	\$ (81,328.0)	\$ 90,043.2

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

18) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS —(Continued)

	Statement of Cash Flows for the Year Ended December 31, 2003				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	\$ (1,449.9)	\$ 945.2	\$ 4,002.1	\$ —	\$ 3,497.4
Investing activities:					
Acquisitions, net of cash acquired	(40.6)	(1,230.9)	(73.5)	—	(1,345.0)
Capital expenditures	—	(64.1)	(470.3)	—	(534.4)
Investments in and advances to affiliated companies	(16.7)	(.8)	(22.5)	—	(40.0)
Purchases of short-term investments	—	—	(1.9)	—	(1.9)
Proceeds from sale of investments	1.6	25.2	7.9	—	34.7
Proceeds from dispositions	—	.7	11.9	—	12.6
Net cash flow used for investing activities	(55.7)	(1,269.9)	(548.4)	—	(1,874.0)
Financing activities:					
Proceeds from issuance of notes and debentures	735.3	—	1.2	—	736.5
Proceeds from exercise of stock options	245.2	—	18.1	—	263.3
Repayments to banks, including commercial paper, net	(155.8)	—	(316.3)	—	(472.1)
Repayment of notes and debentures	(609.7)	(155.4)	(6.1)	—	(771.2)
Purchase of Company common stock	(945.1)	—	—	—	(945.1)
Payment of capital lease obligations	—	(12.4)	(89.7)	—	(102.1)
Dividends	(104.6)	—	—	—	(104.6)
Increase (decrease) in intercompany payables	2,315.9	470.9	(2,786.8)	—	—
Other, net	—	—	(8.8)	—	(8.8)

Net cash flow provided by (used for) financing activities	1,481.2	303.1	(3,188.4)	—	(1,404.1)
Net increase (decrease) in cash and cash equivalents	(24.4)	(21.6)	265.3	—	219.3
Cash and cash equivalents at beginning of year	236.9	48.4	346.1	—	631.4
Cash and cash equivalents at end of year	\$ 212.5	\$ 26.8	\$ 611.4	\$ —	\$ 850.7

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

18) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS —(Continued)

Statement of Cash Flows for the Year Ended December 31, 2002					
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	\$ (537.8)	\$ 509.5	\$ 3,152.7	\$ —	\$ 3,124.4
Investing activities:					
Acquisitions, net of cash acquired	—	(145.3)	(780.7)	—	(926.0)
Capital expenditures	—	(70.3)	(466.8)	—	(537.1)
Investments in and advances to affiliated companies	(4.8)	(1.2)	(54.8)	—	(60.8)
Purchases of short-term investments	—	—	(2.0)	—	(2.0)
Proceeds from sale of investments	3.8	6.4	11.5	—	21.7
Proceeds from dispositions	—	—	50.5	—	50.5
Net cash flow used for investing activities	(1.0)	(210.4)	(1,242.3)	—	(1,453.7)
Financing activities:					
Proceeds from issuance of notes and debentures	1,298.0	—	—	—	1,298.0
Proceeds from exercise of stock options	315.1	—	42.5	—	357.6
Repayments to banks, including commercial paper, net	(959.7)	—	(194.1)	—	(1,153.8)
Repayment of notes and debentures	(488.6)	(489.4)	(31.4)	—	(1,009.4)
Purchase of Company common stock	(1,139.0)	—	—	—	(1,139.0)
Payment of capital lease obligations	—	(11.1)	(103.2)	—	(114.3)
Increase (decrease) in intercompany payables	1,382.2	247.1	(1,629.3)	—	—
Other, net	—	—	(5.8)	—	(5.8)
Net cash flow provided by (used for) financing activities	408.0	(253.4)	(1,921.3)	—	(1,766.7)
Net increase (decrease) in cash and cash equivalents	(130.8)	45.7	(10.9)	—	(96.0)
Cash and cash equivalents at beginning of year	367.7	2.7	357.0	—	727.4
Cash and cash equivalents at end of year	\$ 236.9	\$ 48.4	\$ 346.1	\$ —	\$ 631.4

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS —(Continued)

(Tabular dollars in millions, except per share amounts)

18) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS —(Continued)

Statement of Cash Flows for the Year Ended December 31, 2001					
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated

Net cash flow provided by (used for) operating activities	\$	(544.4)	\$	571.9	\$	3,481.6	\$	—	\$	3,509.1
Investing activities:										
Acquisitions, net of cash acquired		(1.4)		(35.6)		(849.1)		—		(886.1)
Capital expenditures		—		(91.8)		(423.6)		—		(515.4)
Investments in and advances to affiliated companies		—		(2.5)		(67.6)		—		(70.1)
Purchases of short-term investments		—		(12.5)		(1.7)		—		(14.2)
Proceeds from sale of investments		1.4		1.8		58.4		—		61.6
Proceeds from dispositions		—		—		233.7		—		233.7
Net cash flow used for investing activities		—		(140.6)		(1,049.9)		—		(1,190.5)
Financing activities:										
Proceeds from issuance of notes and debentures		3,417.9		—		5.8		—		3,423.7
Proceeds from exercise of stock options		182.5		—		2.1		—		184.6
Repayments to banks, including commercial paper, net		(1,093.3)		(100.0)		(2,818.7)		—		(4,012.0)
Repayment of notes and debentures		(225.0)		(35.3)		(656.8)		—		(917.1)
Purchase of Company common stock		(1,066.1)		—		—		—		(1,066.1)
Payment of capital lease obligations		—		(12.0)		(124.3)		—		(136.3)
Increase (decrease) in intercompany payables		(496.7)		(607.8)		1,104.5		—		—
Other, net		—		—		(2.5)		—		(2.5)
Net cash flow provided by (used for) financing activities		719.3		(755.1)		(2,489.9)		—		(2,525.7)
Net increase (decrease) in cash and cash equivalents		174.9		(323.8)		(58.2)		—		(207.1)
Cash and cash equivalents at beginning of year		192.8		326.5		415.2		—		934.5
Cash and cash equivalents at end of year	\$	367.7	\$	2.7	\$	357.0	\$	—	\$	727.4

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

The Company's chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended) were effective, based on the evaluation of these controls and procedures required by Rule 13a-15(b) or 15d-15(b) of the Securities Exchange Act of 1934, as amended.

No changes in the Company's internal control over financial reporting occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required by this item with respect to the Company's directors is contained in the Viacom Inc. Proxy Statement for the Company's 2004 Annual Meeting of Stockholders (the "Proxy Statement") under the headings "Director Nominees," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Committees of the Board of Directors—Audit Committee," which information is incorporated herein by reference.

The information required by this item with respect to the Company's executive officers is (i) contained in the Proxy Statement under the heading "Codes of Business Conduct and Ethics" and (ii) included in Part I of this Form 10-K under the caption "Executive Officers of the Company," which information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item is contained in the Proxy Statement under the headings "Director Compensation" and "Executive Compensation," which information is incorporated herein by reference. Information contained in the Proxy Statement under the headings "Executive Compensation—Report of the Compensation Committee on Executive Compensation" and "Executive Compensation—Performance Graphs" is not incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by this item is contained in the Proxy Statement under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information," which information is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions.*

The information required by this item is contained in the Proxy Statement under the headings "Executive Compensation—Compensation Committee Interlocks and Insider Participation" and "Related Party Transactions," which information is incorporated herein by reference.

Item 14. *Principal Accounting Fees and Services.*

The information required by this item is contained in the Proxy Statement under the heading "Services Provided by the Independent Auditor and Fees Paid," which information is incorporated herein by reference.

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PART IV

Item 15. *Exhibits, Financial Statement Schedules and Reports on Form 8-K.*

(a)

1. *Financial Statements.*

The financial statements of the Company filed as part of this report on Form 10-K are listed on the Index on page F-1.

2. *Financial Statement Schedules.*

The financial statement schedule required to be filed by Item 8 of this Form 10-K is listed on the Index on page F-1.

3. *Exhibits.*

The exhibits listed in Item 15(c) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits is on page E-1.

(b) *Reports on Form 8-K.*

The Company did not file any Current Report on Form 8-K during the fourth quarter ended December 31, 2003.

On October 23, 2003, the Company furnished under Items 7 and 12 a Current Report on Form 8-K with respect to earnings information for the third quarter ended September 30, 2003.

(c) *Exhibits.*

The exhibits listed in Item 15(c) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits is on page E-1.

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SIGNATURES

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

VIACOM INC.

By: /s/ SUMNER M. REDSTONE

Sumner M. Redstone
Chairman of the Board of Directors
Chief Executive Officer

Date: March 15, 2004

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ SUMNER M. REDSTONE</u> Sumner M. Redstone	Chairman of the Board of Directors Chief Executive Officer	March 15, 2004
<u>/s/ RICHARD J. BRESSLER</u>	Senior Executive Vice President Chief Financial Officer	March 15, 2004

Richard J. Bressler

/s/ **SUSAN C. GORDON**

Susan C. Gordon

*

Senior Vice President
Controller
Chief Accounting Officer

March 15, 2004

George S. Abrams

*

Director

March 15, 2004

David R. Andelman

*

Director

March 15, 2004

Joseph A. Califano, Jr.

*

Director

March 15, 2004

William S. Cohen

*

Director

March 15, 2004

Philippe P. Dauman

*

Director

March 15, 2004

William H. Gray III

*

Director

March 15, 2004

Alan C. Greenberg

Director

March 15, 2004

Signature

Title

Date

/s/ **MEL KARMAZIN**

Mel Karmazin

*

Director

March 15, 2004

Jan Leschly

*

Director

March 15, 2004

David T. McLaughlin

*

Director

March 15, 2004

Shari Redstone

*

Director

March 15, 2004

Frederic V. Salerno

*

Director

March 15, 2004

William Schwartz

*

Director

March 15, 2004

Ivan Seidenberg

*

Director

March 15, 2004

Patty Stonesifer

*

Director

March 15, 2004

Robert D. Walter

Director

March 15, 2004

*By:

/s/ **MICHAEL D. FRICKLAS**

March 15, 2004

Michael D. Fricklas
*Attorney-in-Fact
for the Directors*

Exhibit No.	Description of Document
(3)	Articles of Incorporation and By-laws
(a)	Amended and Restated Certificate of Incorporation of Viacom Inc. effective May 21, 2003 (incorporated by reference to Exhibit 3(a) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 2003) (File No. 001-09553).
(b)	Amended and Restated By-laws of Viacom Inc. effective May 21, 2003 (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 2003) (File No. 001-09553).
(4)	Instruments defining the rights of security holders, including indentures
(a)	Specimen certificate representing Viacom Inc. Class A Common Stock (incorporated by reference to Exhibit 4(a) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
(b)	Specimen certificate representing Viacom Inc. Class B Common Stock (incorporated by reference to Exhibit 4(b) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
(c)	The instruments defining the rights of holders of the long-term debt securities of Viacom Inc. and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. Viacom Inc. hereby agrees to furnish copies of these instruments to the Securities and Exchange Commission upon request.
(10)	Material Contracts
(a)	Viacom Inc. 1994 Long-Term Management Incentive Plan (as amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(b) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).*
(b)	Viacom Inc. 1997 Long-Term Management Incentive Plan (as amended and restated through May 25, 2000) (incorporated by reference to Exhibit B to Viacom Inc.'s Proxy Statement dated June 5, 2000) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).*
(c)	Viacom Inc. 2000 Long-Term Management Incentive Plan (as amended and restated through January 31, 2001) (incorporated by reference to Exhibit 10(d) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2001) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).*

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

Exhibit No.	Description of Document
(d)	Viacom Inc. Senior Executive Short-Term Incentive Plan (as amended and restated through March 20, 2003) (incorporated by reference to Exhibit C to Viacom Inc.'s Proxy Statement dated April 21, 2003) (File No. 001-09553).*
(e)	Viacom Inc. Deferred Compensation Plan for Non-Employee Directors (as amended and restated as of October 14, 2003) (filed herewith).*
(f)	Viacom Inc. Retirement Income Plan for Non-Employee Directors (as amended and restated as of October 14, 2003) (filed herewith).*
(g)	Viacom Inc. Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1993) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).*
(h)	Viacom Inc. 1994 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit B to Viacom Inc.'s Proxy Statement dated April 28, 1995) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).*
(i)	Viacom Inc. 2000 Stock Option Plan for Outside Directors (as amended and restated through May 21, 2003) (incorporated by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 2003) (File No. 001-09553).*
(j)	Viacom Excess 401(k) Plan (Effective April 1, 1984, Restated as of December 1, 1999, amended effective January 1, 2002 and August 28, 2002) (as amended October 27, 2003) (filed herewith).*

- (k) Excess Pension Plan for Certain Employees of Viacom International Inc. restated as of January 1, 2003 (as amended October 27, 2003) (filed herewith).*
- (l) Viacom Excess 401(k) Plan for Designated Senior Executives (as amended October 27, 2003) (filed herewith).*
- (m) Viacom Bonus Deferral Plan for Designated Senior Executives (as amended October 27, 2003) (filed herewith).*
- (n) Employment Letter Agreement, dated March 20, 2003, between Viacom Inc. and Sumner M. Redstone (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed on March 20, 2003) (File No. 001-09553).*
- (o) Employment Letter Agreement, dated March 20, 2003, between Viacom Inc. and Mel Karmazin (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Viacom Inc. filed on March 20, 2003) (File No. 001-09553).*

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

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Exhibit No.	Description of Document
(p)	Agreement, dated September 6, 1999, between Viacom Inc. and Philippe P. Dauman (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of Viacom Inc. filed on September 8, 1999, as amended by Form 8-K/A filed on September 8, 1999) (File No. 001-09553), as amended by an Agreement dated April 28, 2000 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended March 31, 2000) (File No. 001-09553).*
(q)	Agreement, dated March 2001, between Viacom Inc. and Richard J. Bressler (incorporated by reference to Exhibit 10(q) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2001) (File No. 001-09553).*
(r)	Agreement, dated as of May 1, 2000, between Viacom Inc. and Michael D. Fricklas (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 2000), as amended by Agreement dated April 1, 2003 (incorporated by reference to Exhibit 10(a) to the Quarterly Report of Viacom Inc. for the quarter ended March 31, 2003) (File No. 001-09553).*
(s)	Agreement, dated as of May 1, 2000, between Viacom Inc. and William A. Roskin (incorporated by reference to Exhibit 10(v) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000), as amended by Agreement dated August 1, 2002 (incorporated by reference to Exhibit 10(c) to the Quarterly Report of Viacom Inc. for the quarter ended September 30, 2002) (File No. 001-09553).*
(t)	Service Agreement, dated as of March 1, 1994, between George S. Abrams and Viacom Inc. (incorporated by reference to Exhibit 10(q) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1994) (File No. 001-09553).*
(u)	CBS Corporation ("CBS") plans* assumed by Viacom Inc. after the merger with CBS, consisting of the following: <ul style="list-style-type: none"> (i) CBS 1991 Long-Term Incentive Plan (as amended as of July 28, 1999) (incorporated by reference to Exhibit 10.15 to the Quarterly Report on Form 10-Q of Infinity Broadcasting Corporation for the quarter ended September 30, 1999) (File No. 001-14599). (ii) CBS 1993 Long-Term Incentive Plan (as amended as of July 28, 1999) (incorporated by reference to Exhibit 10.16 to the Quarterly Report on Form 10-Q of Infinity Broadcasting Corporation for the quarter ended September 30, 1999) (File No. 001-14599). (iii) Amended and Restated Infinity Broadcasting Corporation Stock Option Plan (incorporated by reference to Exhibit 4.4 to the Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 filed by CBS (f/k/a Westinghouse Electric Corporation) on January 2, 1997) (File No. 333-13219). (iv) Infinity Broadcasting Corporation Warrant Certificate No. 3 to Mel Karmazin (incorporated by reference to Exhibit 4.6 to the Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 filed by CBS Corporation (f/k/a Westinghouse Electric Corporation) on January 2, 1997) (File No. 333-13219).

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

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Exhibit No.	Description of Document
(v)	Director's Charitable Giving Program, As Amended Effective April 30, 1996 (incorporated by reference to Exhibit 10(g) to the Quarterly Report on Form 10-Q of CBS (f/k/a Westinghouse Electric Corporation) for the quarter ended June 30, 1996) (File No. 001-00977).
(vi)	CBS Deferred Compensation and Stock Plan for Directors (as amended as of February 24, 2000) (incorporated by reference to Exhibit 10(y)(ix) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000) (File No. 001-09553).

- (vii) Advisory Director's Plan Termination Fee Deferral Terms and Conditions, Effective April 30, 1996 (As Revised Effective February 24, 2000) (incorporated by reference to Exhibit 10(y)(x) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000) (File No. 001-09553).
- (v) Infinity Broadcasting Corporation ("Infinity") stock option plans* assumed by Viacom Inc. after the merger with Infinity, consisting of the following:
 - (i) Infinity 1998 Long-Term Incentive Plan (as amended as of May 3, 2000) (incorporated by reference to Exhibit 10(aa)(i) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
 - (ii) Infinity Stock Plan for Directors (Effective as of February 24, 2000) (incorporated by reference to Exhibit 10(aa)(ii) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
 - (iii) Infinity 1999 Long-Term Incentive Plan (as amended as of December 29, 2000) (incorporated by reference to Exhibit 10(aa)(iii) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
- (w) Amendment to Viacom Stock Option Plans referred to above in Exhibits 10(a) through 10(d), 10(h) and (10)(i) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).*
- (x) Credit Agreement, dated as of June 21, 1999, between Blockbuster Inc. and the banks named therein (incorporated by reference to Exhibit 10.22 to the Registration Statement on Form S-1 initially filed by Blockbuster Inc. on May 6, 1999) (File No. 333-77899), as amended by Amendment No. 1, dated as of June 15, 2000 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Blockbuster Inc., for the quarter ended September 30, 2000) (File No. 1-15153), and Amendment No. 2, dated as of May 7, 2002 (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 2002) (File No. 001-09553).

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

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Exhibit No.	Description of Document
(y)	Five-Year Credit Agreement, dated as of March 7, 2001, among Viacom Inc.; Viacom International Inc.; the Subsidiary Borrowers Parties thereto; the Lenders named therein; The Chase Manhattan Bank, as Administrative Agent; Salomon Smith Barney Inc., as Syndication Agent; and Bank of America, N.A. and Fleet National Bank, as Co-Documentation Agents (incorporated by reference to Exhibit 10(cc) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000), as amended by Amendment No. 1 to Five-Year Credit Agreement dated as of March 5, 2002 (incorporated by reference to Exhibit 10(aa) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2001) (File No. 001-09553), Amendment No. 2 to the Five-Year Credit Agreement dated as of February 28, 2003 (incorporated by reference to Exhibit 10(ee) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553) and Amendment No. 3 to the Five-Year Credit Agreement dated as of February 19, 2004 (filed herewith).
(z)	Five-Year Credit Agreement, dated as of February 19, 2004, among Viacom Inc., Viacom International Inc., the Subsidiary Borrowers Parties thereto, the Lenders named therein, JPMorgan Chase Bank, as Administrative Agent, Citibank, N.A., as Co-Syndication Agent and Bank of America, N.A., Deutsche Bank Securities, Inc., and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as Co-Documentation Agents (filed herewith).
(12)	Statement re Computations of Ratios (filed herewith).
(21)	Subsidiaries of Viacom Inc. (filed herewith).
(23)	Consents of Experts and Counsel
(a)	Consent of PricewaterhouseCoopers LLP (filed herewith).
(24)	Powers of Attorney (filed herewith).
(31)	Rule 13a-14(a)/15d-14(a) Certifications
(a)	Certification of the Chief Executive Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
(b)	Certification of the Chief Financial Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
(32)	Section 1350 Certifications
(a)	Certification of the Chief Executive Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

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INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

The following consolidated financial statements and schedule of the registrant and its subsidiaries are submitted herewith as part of this report:

	Reference (Page/s)
Item 15(a)(1) Financial Statements:	
1. Management's Statement of Responsibility for Financial Reporting	II-36
2. Report of Independent Auditors	II-37
3. Consolidated Statements of Operations for the years ended December 31, 2003, 2002 and 2001	II-38
4. Consolidated Balance Sheets as of December 31, 2003 and 2002	II-39
5. Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2002 and 2001	II-40
6. Consolidated Statements of Stockholders' Equity and Comprehensive Income for the years ended December 31, 2003, 2002 and 2001	II-41
7. Notes to Consolidated Financial Statements	II-42
Item 15(a)(2) Financial Statement Schedule:	
II. Valuation and qualifying accounts	F-2

All other Schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the Schedule.

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VIACOM INC. AND SUBSIDIARIES SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS (Millions of dollars)

Col. A	Col. B	Col. C	Col. D	Col. E		
Description	Balance at Beginning of Period	Balance Acquired through Acquisitions	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Allowance for doubtful accounts:						
Year ended December 31, 2003	\$ 278.0	\$ 6.9	\$ 82.7	\$.9	\$ 73.0	\$ 295.5
Year ended December 31, 2002	\$ 274.9	\$ —	\$ 203.2	\$ 4.1	\$ 204.2	\$ 278.0
Year ended December 31, 2001	\$ 246.2	\$ —	\$ 112.3	\$ (9.3)	\$ 74.3	\$ 274.9
Valuation allowance on deferred tax assets:						
Year ended December 31, 2003	\$ 76.7	\$ —	\$ 34.1	\$ 8.8	\$ 15.7	\$ 103.9
Year ended December 31, 2002	\$ 136.0	\$ —	\$ 1.1	\$ —	\$ 60.4(1)	\$ 76.7
Year ended December 31, 2001	\$ 172.1	\$ —	\$ 5.0	\$ 22.5	\$ 63.6(2)	\$ 136.0
Reserves for inventory obsolescence:						
Year ended December 31, 2003	\$ 95.8	\$ —	\$ 24.2	\$ —	\$ 26.1	\$ 93.9
Year ended December 31, 2002	\$ 67.1	\$ —	\$ 37.0	\$ —	\$ 8.3	\$ 95.8
Year ended December 31, 2001	\$ 78.5	\$ —	\$ 28.0	\$ 7.3	\$ 46.7	\$ 67.1

Notes:

- (1) Primarily related to the release of valuations allowances related to foreign operating losses.
- (2) Primarily related to the release of a pre-acquisition CBS valuation allowance of foreign tax credits.

VIACOM INC.

DEFERRED COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

(As amended and restated as of October 14, 2003)

1. *Establishment of Plan*

The Viacom Inc. Deferred Compensation Plan For Non-Employee Directors (the "Plan") has been established by Viacom Inc. (the "Company") for eligible members of the Boards of Directors (as described below).

2. *Plan Participation*

(a) Each person who is a member of the Board of Directors of the Company (and who is not an employee of the Company, National Amusements, Inc. or any of their respective subsidiaries) may elect to become a participant in this Plan (a "Participant"), and as such defer all fees (which shall include retainer, meeting and committee attendance fees and any other amounts that the Board so determines) to which the Director may thereafter be entitled. Such election shall be in writing, shall be in a form prescribed by the Company and, except as otherwise provided below, shall remain in effect as long as the Participant shall continue to receive compensation as a Director.

(b) A Participant may elect to participate in the Plan at the beginning of his or her term in office as a Director, for the fees payable thereafter. A Participant may also elect to participate in the Plan before November 30 of each year, for the fees payable for the subsequent calendar year and thereafter. A Participant may discontinue participation in the Plan and/or change or modify his or her investment and payment elections annually by filing a written notice with the Company prior to November 30 of a particular year, which notice shall be effective for all fees payable for the subsequent calendar year and thereafter, subject to the following restrictions:

(i) *Investment Election.* Changes to the investment election will be applicable to subsequent payments only and no existing account may be converted into another type of account; and

(ii) *Payment Election.* A Participant may not change his or her payment election more than three (3) times during his or her term as a Director. Payment elections are applicable to the entire balance of the Participant's Deferred Compensation Account(s). Any subsequent payment election will supercede any prior election, *provided* that any election made within six (6) months of the Director leaving the Board of Directors shall be void.

3. *Deferred Compensation Accounts*

There shall be created two accounts, an "Income Account" and a "Stock Unit Account" to receive payment of the fees deferred by the Participant pursuant to this Plan. At the time of electing to participate in this Plan, the Participant shall also select one of the two accounts into which his or her deferred fees shall be payable.

(a) *Income Account:* Deferred fees, when payable, shall be credited as a dollar amount to this account. At the end of each calendar quarter, the Participant's Income Account will be credited for such quarter with interest at the prime rate in effect at the beginning of such calendar quarter at Citibank, N.A., which interest shall be applied on the basis of the average closing monthly credit balance in the Participant's Income Account during such quarter.

(b) *Stock Unit Account:* Deferred fees, when payable, shall be credited as a dollar amount to this account. At the beginning of each calendar quarter, each Participant's Stock Unit Account shall be adjusted as follows:

(i) First, the dollar amount remaining in such account (not yet converted into Stock Unit Shares) during the preceding calendar quarter, plus all dollar amounts (for fees and any cash

dividends) credited to such account during the preceding calendar quarter, shall be credited for the preceding calendar quarter with interest computed in the manner described in Paragraph 3(a) above.

(ii) Next, the dollar amount in such account after the adjustments pursuant to clause (i) above, plus the dollar amount of deferred quarterly retainer fees then credited to this account, shall be converted (x) 50% into Class A Common Stock Unit Shares equal in number to the maximum number of whole shares of Viacom Inc. Class A Common Stock which could be purchased with such dollar amount at the closing market price for such stock on the first day of such calendar quarter, or if that date was not a trading date on the next preceding trading date, and (y) 50% into Class B Common Stock Unit Shares equal in number to the maximum number of whole shares of Viacom Inc. Class B Common Stock which could be purchased with such dollar amount at the closing market price for such stock on the first day of such calendar quarter, or if that date was not a trading date, on the next preceding trading date.

In the event that cash dividends are declared on the Viacom Inc. Class A Common Stock or Class B Common Stock, on each dividend payment date an amount equivalent to the prevailing cash dividend per share of such stock shall be credited to such account for each Class A Common Stock Unit Share or Class B Common Stock Unit Share as appropriate, in a Participant's Stock Unit Account. Stock Unit Shares shall be appropriately adjusted in the event of any stock dividends, stock splits or any other similar changes in the Viacom Inc. Class A Common Stock or Class B Common Stock.

4. *Payments*

(a) Upon termination of a Participant's service as a Director, payment of his or her Deferred Compensation Account(s) shall be made in cash to the Participant in accordance with the Participant's prior payment election of a lump sum, three (3) annual installments or five (5) annual installments. The lump sum payment or the initial annual installment shall be made on the later of 90 days after the Director leaves the Board or January 15th of the following year. Each subsequent installment payment shall be made on the anniversary of the initial installment payment.

(b) The Class A Common Stock Unit Shares and Class B Common Stock Unit Shares in a Participant's Stock Unit Account shall be valued on the basis of the average of the closing market prices of the Class A Common Stock or Class B Common Stock, as appropriate, on the New York Stock Exchange or such other stock exchange on which the Class A Common Stock or Class B Common Stock may be listed, on each trading date during the four (4) week period ending five (5) business days prior to the payment date.

(c) In the case of installment payments, the Deferred Compensation Account(s) shall be credited with interest calculated in accordance with Paragraph 3(a) above, which interest shall accrue beginning on the date the first installment is paid and shall be paid to the Participant on the date of the next annual installment following the date of credit until all installments are paid.

(d) In the event of a Participant's death, payment of all or the remaining portion of the Deferred Compensation Account(s) will be made to his or her beneficiary or beneficiaries in a lump sum or in installments, in accordance with the Participant's payment election. The amount of such payment will be calculated as set forth herein.

5. *Beneficiaries*

Each Participant entitled to payment of the deferred fees hereunder may name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any such deferred fees are to be paid in case of his or her death, before he receives any or all of such fees. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during his or her

lifetime. In the absence of any such designation or if all persons so designated die prior to the payment of the entire amount of deferred fees to which he is entitled, any deferred fees remaining unpaid at a Participant's death, unless otherwise designated by the Participant, shall be paid to the estate of the last to die of the Participant and all persons so designated by him.

6. *Participant's Rights Unsecured*

The right of any Participant to receive a distribution hereunder in cash shall be an unsecured claim against the general assets of the Company. The deferred fees may not be encumbered or assigned.

7. *Amendments to the Plan*

The Board of Directors of the Company may amend the Plan at any time, without the consent of the Participants or their beneficiaries; provided, however, that no amendment shall divest any Participant of rights to which he would have been entitled if the Plan had been terminated on the effective date of such amendment.

8. *Termination of Plan*

The Board of Directors of the Company may terminate the Plan at any time, without the consent of the Participants or their beneficiaries. Termination of the Plan shall not affect the timing of distributions from a Participant's Deferred Compensation Account(s) or the calculation of the amount of the payment.

9. *Expenses*

Costs of administration of the Plan will be paid by the Company.

VIACOM INC.

RETIREMENT INCOME PLAN FOR NON-EMPLOYEE DIRECTORS

(As amended and restated as of October 14, 2003)

1. **Amount of Benefits.** Each eligible non-employee director (as defined herein) will receive annual payments equal to 100% of the annual retainer for membership on the Board of Directors of Viacom Inc. (the "Board of Directors") in effect on May 21, 2003, the date on which the accrual of additional benefits under the Plan was terminated by the Board of Directors. Eligible non-employee directors serving on the Board of Directors when the Plan was established in 1989 will receive credit for all years of service prior to 1989.

2. **Payment of Benefits.** Benefits will be payable for a period equal to the director's number of years of service as an eligible non-employee director as of May 21, 2003. Notwithstanding the foregoing, with respect to those eligible non-employee directors serving on the Board of Directors as of October 14, 2003 (the "Plan Participants"), the net present value of the accrued retirement benefits as of May 21, 2003 shall: (a) be paid in a lump sum in cash to those Plan Participants who are age 70 and older as of October 14, 2003 and (b) be credited to the deferred compensation accounts established under Viacom's Deferred Compensation Plan for Non-Employee Directors (the "Deferred Compensation Plan") for those Plan Participants who are under age 70 as of October 14, 2003.

3. **Timing of Payment.** Benefit payments will commence one year after the director's retirement from the Board of Directors, except in the case of the Plan Participants, who will instead receive their respective payments or credits as soon as practicable after October 14, 2003. Benefits are paid to the director or, in the event of the director's death, to his estate or designated beneficiary.

4. **Eligibility.** To be considered an "eligible non-employee director" under this Plan, a director must satisfy the three requirements set forth below.

- (a) **Non-Employee Status.** The director is not an employee of Viacom Inc., National Amusements, Inc. or any of their respective subsidiaries; and
 - (b) **Minimum Service.** The director served on the Board of Directors for at least three years; and
 - (c) **Date of Appointment or Election to the Board.** The director was appointed or elected to the Board of Directors before January 1, 1999.
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VIACOM
EXCESS 401(k) PLAN

EFFECTIVE APRIL 1, 1984
RESTATED AS OF DECEMBER 1, 1999
AMENDED EFFECTIVE JANUARY 1, 2002
FURTHER AMENDED EFFECTIVE AUGUST 28, 2002

Section 1. Establishment and Purpose of the Plan.

1.1 Establishment. There is hereby established for the benefit of Participants an unfunded plan of voluntarily deferred compensation known as the Viacom Excess 401(k) Plan. Any Eligible Employee who is identified by the Company on or after August 28, 2002 as a reporting person for purposes of Section 16(b) of the Securities Act of 1934 ("Reporting Employee") shall no longer be eligible to participate in this Plan, and shall instead be eligible to participate in the Viacom Excess 401(k) Plan for Designated Senior Executives. Except as provided to the contrary herein, any elections and deferrals made under the Plan by a Reporting Employee prior to the date he is identified as a Reporting Employee shall remain in full force and effect.

1.2 Purpose. The purpose of this Plan is to provide a means by which an Eligible Employee may, in certain circumstances, elect to defer receipt of a portion of his Compensation. The Plan also provides that the Company will, in certain instances, credit the Account of a Participant with an Employer Match.

Section 2. Definitions.

The following words and phrases as used in this Plan have the following meanings:

2.1 Account. The term "Account" shall mean a Participant's individual account, as described in Section 5 of the Plan.

2.2 Board of Directors. The term "Board of Directors" means the Board of Directors of the Company.

2.3 Bonus. The term "Bonus" means any cash bonus paid under the Viacom Inc. Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

2.4 Committee. The term "Committee" means the Retirement Committee appointed by the Board of Directors. The Committee may act on its own behalf or through the actions of its duly authorized delegate.

2.5 Company. The term "Company" means Viacom Inc.

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2.6 Compensation. The term "Compensation" means an Eligible Employee's annual compensation as defined in the Viacom 401(k) Plan with the following modifications: (i) the limitations imposed by Internal Revenue Code §401(a)(17) shall not be taken into account, and (ii) Bonuses earned for calendar years prior to January 1, 2002 shall not be excluded.

2.7 Disability. A Participant shall be deemed to have incurred a "Disability" or to be "Disabled" if the Participant (i) has been determined to be disabled by the Social Security Administration or (ii) is receiving benefits under the provisions of the long-term disability plan covering such Participant that is sponsored by or participated in by the Participant's Employer. The date a Participant meets the definition of Disability shall be treated as the date he terminates employment for purposes of Section 5 of the Plan.

2.8 Eligible Employee. The term "Eligible Employee" means an employee of an Employer (i) for whom the sum of (a) the rate of annual base salary for a particular year and (b) actual commissions received for the prior year, equals or is greater than the annual compensation limit in effect under Internal Revenue Code Section 401(a)(17) (as adjusted from time to time by the Committee) and (ii) is designated by the Committee as an employee who is eligible to participate in the Plan. If an employee becomes an Eligible Employee in any Plan Year, such employee shall remain an Eligible Employee for all future Plan Years; provided, however, that the Committee may terminate such employee's eligibility for the Plan if his annual base salary as of January 1 of any Plan Year is less than the amount in clause (i) in effect for the Plan Year in which such employee initially became an Eligible Employee. In no event shall any Reporting Employee be considered an Eligible Employee under the Plan on or after August 28, 2002.

2.9 Employer. The term "Employer" means the Company and any affiliate or subsidiary that adopts the Plan on behalf of its Eligible Employees.

2.10 Employer Match. The term "Employer Match" means the amounts credited to a Participant's Account with respect to a Participant's Excess Salary Reduction Contributions and Excess Bonus Deferral Contributions, calculated using the rate of matching contributions under the Viacom 401(k) Plan in effect at the time such Plan contributions are made. Effective January 1, 2002 for all Bonuses earned for calendar years beginning after December 31, 2001, Excess Bonus Deferral Contributions shall not be credited with an Employer Match.

2.11 Excess Bonus Deferral Contributions. For all Bonuses earned for calendar years prior to January 1, 2002, the term "Excess Bonus Deferral Contributions" means the portion of the Participant's Compensation attributable to a Bonus that he elects to defer under the terms of this Plan. Effective August 28, 2002 for all Bonuses earned on or after January 1, 2002, the Plan shall no longer provide for Excess Bonus Deferral Contributions. Any Bonus Deferral Contribution election made under this Plan for the Bonus earned for the calendar year 2002 shall be deemed to have been made under, and be recognized by, the Viacom Bonus Deferral Plan, or the Viacom Bonus Deferral Plan for Designated Senior Executives, as appropriate.

2.12 Excess Salary Reduction Contributions. The term "Excess Salary Reduction Contributions" means the portion of a Participant's Compensation, excluding any Bonus, earned

during a Plan Year (after such Participant has reached any Limitation) that he elects to defer under the terms of this Plan.

2.13 Investment Options. The term "Investment Options" means the investment funds available to participants in the Viacom 401(k) Plan, excluding the Self-Directed Brokerage Account.

2.14 Joint Payment Option. The term "Joint Payment Option" means, in accordance with Section 5.2, (i) any payment option election made by a Participant in effect in this Plan immediately prior to August 28, 2002, and (ii) any payment option election made on or after August 28, 2002. A Joint Payment Option shall apply to all amounts credited to the Participant's Account in this Plan and his account in the Viacom Bonus Deferral Plan, as well as any similar plan applicable to Reporting Employees.

2.15 Limitation. The term "Limitation" means the limitation on contributions to defined contribution plans under Section 415(c), on compensation taken into account under Section 401(a)(17), or on elective deferrals under Section 401(k)(3) and Section 402(g) of the Internal Revenue Code of 1986.

2.16 Participant. The term "Participant" means an Eligible Employee who elects to have Excess Salary Reduction Contributions or Excess Bonus Deferral Contributions made to the Plan.

2.17 Plan. The term "Plan" means the Viacom Excess 401(k) Plan as set forth herein, as amended from time to time.

Section 3. Participation.

3.1 Designation of Eligible Employees. All employees who were Eligible Employees immediately prior to August 28, 2002 will remain Eligible Employees, subject to Section 2.8. Beginning August 28, 2002, each month the Committee will designate in its sole discretion those additional employees who satisfy the terms of paragraph 2.7 as eligible to participate in the Plan.

3.2 Election to Participate.

(a) An Eligible Employee must elect to participate in the Plan. An Eligible Employee may elect, at any time after becoming eligible, to begin participation and to commence making Excess Salary Reduction Contributions during the Plan Year by filing an election with the Committee in accordance with this Section 3 and the rules and regulations established by the Committee. Such election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee.

(b) For Bonuses earned for calendar years prior to January 1, 2002, an Eligible Employee could elect within 30 days of the date he became an Eligible Employee to make an Excess Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the next succeeding

calendar year. Prior to December 31 of each Plan Year, an Eligible Employee could elect to make an Excess Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the second succeeding calendar year. For example, prior to December 31, 1999 an Eligible Employee could make an Excess Bonus Deferral Contribution election with respect to any cash bonus scheduled to be paid in 2001 under the Viacom Inc. Short-Term Incentive Plan.

3.3 Amendment or Suspension of Election. Participants may change (including, suspend) their existing Excess Salary Reduction Contribution election under this Plan during the Plan Year by filing a new election in accordance with the prescribed administrative guidelines. Such new election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee. A Participant will not be permitted to make up suspended Excess Salary Reduction Contributions, and during any period in which a Participant's Excess Salary Reduction Contributions are suspended, the Employer Match to the Plan will also be suspended. Any Excess Bonus Deferral Contribution election is irrevocable once made and is invalid if made beyond the dates prescribed in paragraph 3.2.

3.4 Amount of Elections.

(a) Each election filed by an Eligible Employee must specify the amount of Excess Salary Reduction Contributions in a whole percentage between 1% and 15% of the Participants' Compensation, excluding any Bonus.

(b) For all Bonuses earned for calendar years prior to January 1, 2002, each Bonus Deferral election filed by an Eligible Employee must have specified the amount of Excess Bonus Deferral Contribution in a whole percentage between 1% and 15% of the Participant's applicable Bonus.

(c) For Eligible Employees as of December 31, 1995, Compensation for Plan Year 1997 subject to Excess Salary Reduction Contributions and Excess Bonus Deferral Contributions shall not exceed the greater of (i) \$750,000, or (ii) such Eligible Employee's compensation, as determined by the Committee, for the 1995 Plan Year. For employees who become Eligible Employees in 1996 or 1997, Compensation for Plan Years 1996 and 1997, if applicable, subject to Excess Salary Reduction Contributions and Excess Bonus Deferral Contributions shall not exceed \$750,000.

Section 4. Employer Match.

An Employer Match will be credited approximately every two weeks to a Participant's Account with respect to the eligible portion of Excess Salary Reduction Contributions and, for Bonuses earned for calendar years beginning prior to January 1, 2002, Excess Bonus Deferral Contributions, of such Participant. The eligible portion of a Participant's Excess Salary Reduction Contributions and the eligible portion of a Participant's Excess Bonus Deferral Contribution shall be limited to 5% of each contribution. For employees who become eligible in 1996 and subsequent years, the eligible portion of a Participant's Excess Salary Reduction Contributions and the eligible portion of a Participant's the Excess Bonus Deferral Contribution shall be based on Compensation up to an annual maximum amount of \$750,000. For Eligible Employees as of December 31, 1995, the eligible portion of such Participant's Excess Salary Reduction Contributions and the eligible portion of such Participant's Excess Bonus Deferral Contribution for the 1997 Plan Year and each subsequent year shall be based on Compensation up to an annual maximum equal to the greater of (i) \$750,000 or (ii) such Eligible Employee's compensation, as determined by the Committee, for the 1995 Plan Year.

Section 5. Individual Account.

5.1 Creation of Accounts. The Company will maintain an Account in the name of each Participant. Each Participant's Account will be credited with the amount of the Participant's (i) Excess Salary Reduction Contributions, (ii) Excess Bonus Deferral Contributions for Bonuses earned for calendar years prior to January 1, 2002 and (iii) Employer Match, if any, made in all Plan Years.

5.2 Joint Payment Account Option Election.

(a) Any Joint Payment Option defined in Section 2.13(i) shall continue to apply until changed by the Participant in accordance with this Section 5.

(b) Any Eligible Employee who first becomes a Participant on or after August 28, 2002 and who has not elected Joint Payment Option under Section 4.2 of the Viacom Bonus Deferral Plan shall elect a Joint Payment Option at the same time that the Participant files his initial election to commence participation in the Plan pursuant to Section 3.2. Such Joint Payment Option shall continue to apply until changed by the Participant in accordance with this Section 5.

(c) A Participant may elect to receive his entire Account under either of the following Joint Payment Options: (1) a single lump sum; or, (2) annual payments over a period of two, three, four or five years on or about January 31 beginning in the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If no Joint Payment Option election is made in accordance with the terms of the Plan or under the Viacom Bonus Deferral Plan, a Participant shall be deemed to have elected to receive his Account in a single lump sum on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If a Participant makes a Joint Payment Option election to receive payments in a single lump sum, such lump sum shall be

payable on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, unless the Participant elects to be paid on or about January 31 of the 2nd, 3rd, 4th or 5th calendar year following the year in which the Participant terminates employment. If a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates, at the time of making his Joint Payment Option election, a specific percentage of his Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

Example 1: If a Participant elects (or is deemed to elect) a Joint Payment Option that provides for a lump sum payment and terminates employment in 2002, such lump sum shall be paid on or about January 31, 2003. A Participant alternatively could designate January 31 of 2004, 2005, 2006 or 2007 in which to receive his lump sum.

Example 2: If a Participant elects a Joint Payment Option that provides for annual payments over a period of four years and terminates employment in 2002, each payment on or about January 31, 2003 through 2006 will be comprised of approximately 25% of the Participant's Account as of the Participant's date of termination. A Participant alternatively could designate 10% of his Account to be distributed in January, 2003, 20% in January, 2004, 30% in January, 2005 and 40% in January 2006; or, any other combination of percentages that totals 100%.

(c) A Participant may change his Joint Payment Option no more than three times over the course of his employment with the Company or any affiliate. A Participant may change an existing Joint Payment Option only one time in any calendar year. Any change of a Participant's existing Joint Payment Option election made less than six months prior to the Participant's termination of employment for any reason shall be null and void and the Participant's last valid Joint Payment Option shall remain in effect.

5.3 Investments.

(a) All Excess Salary Reduction Contributions, Excess Bonus Deferral Contributions and Employer Match, if any, will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions been invested in the same Investment Options and in the same proportion as the Participant may elect, from time to time, to have his Salary Reduction Contributions and Matching Employer Contributions invested under the Viacom 401(k) Plan; or if no such election has been made, in the PRIMCO Stable Value Fund (or any successor fund).

(b) If a Participant elects (or is deemed to elect) a single lump sum Joint Payment Option payable in the first calendar year following the calendar year in which the Participant terminates employment, no additional adjustments will be made to the Participant's Account after December 31st of the calendar year in which the Participant terminates employment. If a Participant elects a single lump sum Joint Payment Option payable in the second, third, fourth or fifth calendar year following the calendar year in which the Participant terminates employment, the Participant's

Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which the single lump sum is paid.

(c) If a Participant elects annual payments, no additional adjustments will be made to any amount payable in the first calendar year following the year in which the Participant terminates employment. For any annual payments made in the second, third, fourth or fifth year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which each payment is made.

(d) No provision of this Plan shall require the Company or the Employer to actually invest any amounts in any fund or in any other investment vehicle.

5.4 Account Statements. Each Participant will be given, at least annually, a statement showing (i) the amount of all Contributions, (ii) the amount of Employer Match, if any, made with respect to his Account for such Plan Year, and (iii) the balance of the Participant's Account after crediting Investments.

Section 6. Payment.

6.1 Payment on Account of Termination of Employment For Reasons Other Than Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following termination of employment in accordance with the Joint Payment Option in effect with respect to the Participant.

6.2 Payment on Account of Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following the date he meets the definition of Disability in accordance with the Joint Payment Option in effect with respect to the Participant. If a Participant no longer meets the definition of Disability and returns to work with an Employer, no further payments shall be made on account of the prior Disability, and distribution of his remaining Account shall be made as otherwise provided in this Section 6 at the time of his subsequent termination of employment.

Section 7. Nature of Interest of Participant.

Participation in this Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of the Company or any Employer, and all amounts of Compensation deferred here under shall at all times remain an unrestricted asset of the Company or the Employer. A Participant's rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, or encumbrance. All payments hereunder shall be paid in cash from the general funds of the Company or applicable Employer and no special or separate fund shall be established and no other segregation of assets shall be

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made to assure the payment of benefits hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between any Employer and a Participant or any other person, and the Company's and each Employer's promise to pay benefits hereunder shall at all times remain unfunded as to the Participant.

Section 8. Hardship Distributions and Deferral Revocations.

A Participant may request the Committee to accelerate distribution of all or any part of the value of his Account solely for the purpose of alleviating an immediate financial emergency. For purposes of the Plan, such an immediate financial emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant and which would result in severe financial hardship to the Participant if early distribution were not permitted. The Committee may request that the Participant provide certifications and other evidence of qualification for such emergency hardship distribution as it determines appropriate. The decision of the Committee with respect to the grant or denial of all or any part of such request shall be in the sole discretion of the Committee, whether or not the Participant demonstrates an immediate financial emergency exists, and shall be final and binding and not subject to review.

Section 9. Beneficiary Designation.

A Participant's beneficiary designation for this Plan will automatically be the same as the Participant's beneficiary designation recognized under the Viacom 401(k) Plan, unless a separate Designation of Beneficiary Form for this Plan has been properly filed.

Section 10. Administration.

10.1 Committee. This Plan will be administered by the Committee, the members of which will be selected by the Board of Directors.

10.2 Powers of the Committee. The Committee's powers will include, but will not be limited to, the power

- (i) to determine who are Eligible Employees for purposes of participation in the Plan,
- (ii) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision,
- (iii) to adopt rules consistent with the Plan, and
- (iv) to approve certain amendments to the Plan.

10.3 Claims Procedure. The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. In the event of a claim by a Participant as to the amount of any distribution or method of payment under the Plan, within 90 days of the filing of such claim, unless special circumstances require an extension of such period, such person will be given notice in writing of any denial, which notice will set forth the reason

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for the denial, the Plan provisions on which the denial is based, an explanation of what other material or information, if any, is needed to perfect the claim, and an explanation of the claims review procedure. The Participant may request a review of such denial within 60 days of the date of receipt of such denial by filing notice in writing with the Committee. The Participant will have the right to review pertinent Plan documents and to submit issues and comments in writing. The Committee will respond in writing to a request for review within 60 days of receiving it, unless special circumstances require an extension of such period. The Committee, at its discretion, may request a meeting to clarify any matters deemed appropriate.

10.4 Finality of Committee Determinations. Determinations by the Committee and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan shall be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives.

10.5 Severability. If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

10.6 Governing Law. The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New York, to the extent not preempted by the laws of the United States.

10.7 Gender. Wherein used herein, words in the masculine form shall be deemed to refer to females as well as males.

Section 11. No Employment Rights.

No provisions of the Plan or any action taken by the Company, the Board of Directors, or the Committee shall give any person any right to be retained in the employ of any Employer, and the right and power of the Company to dismiss or discharge any Participant is specifically reserved.

Section 12. Amendment, Suspension, and Termination.

The Retirement Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents. The Board of Directors shall have the right to suspend or terminate the Plan at any time. No amendment, suspension or termination shall, without the consent of a Participant, adversely affect such Participant's rights in his account. In the event the Plan is terminated, the Committee shall continue to administer the Plan in accordance with the relevant provisions thereof.

**VIACOM EXCESS PENSION PLAN
RESTATED AS OF JANUARY 1, 2003**

1. EFFECTIVE DATE

The Excess Pension Plan for Certain Employees of Viacom International Inc. was adopted as of January 1, 1989 and restated as of January 1, 1996. It is hereby restated effective January 1, 2003, and renamed the Viacom Excess Pension Plan.

2. PURPOSE

The purpose of this Plan is to provide for the payment of certain pension and pension-related benefits to certain employees so that the total pension and pension-related benefits of such employees can be determined on the same basis as is applicable to all other employees of Viacom Inc. (hereinafter called "the Company"). The creation of this Plan was made necessary by certain benefit limitations imposed on the Viacom Pension Plan (hereinafter called the "Basic Plan") by Section 401(a)(17) and Section 415 of the Internal Revenue Code (the "Code") of 1986, as amended; the Employee Retirement Income Security Act of 1974, and related legislation.

3. ADMINISTRATION

This Plan shall be administered by the Retirement Committee appointed by the Board of Directors (hereinafter called "the Committee") which shall administer it in a manner consistent with the administration of the Basic Plan, except that this Plan shall be administered as an unfunded plan that is not intended to meet the qualification requirements of Section 401(a) of the Code. The Committee's decisions in all matters involving the interpretation and application of this Plan shall be final. The Committee may act on its own behalf or through the actions of its duly authorized representative.

The Committee shall be the final review committee under the Plan, with the authority to determine conclusively for all parties any and all questions arising from the administration of the Plan, and shall have sole and complete discretionary authority and control to manage the operation and administration of the Plan, including, but not limited to, the determination of all questions relating to eligibility for participation and benefits, interpretation of all Plan provisions, determination of the amount and kind of benefits payable to any participant, spouse or beneficiary, and construction of disputed or doubtful terms. Such decisions shall be conclusive and binding on all parties and not subject to further review.

4. ELIGIBILITY

Employees who are eligible for benefits under the Plan are those Employees who are (i) Participants in the Basic Plan and whose annual base salary and commissions payable at a rate equal to or in excess of the annual compensation limit in effect under Section 401(a)(17) of the Code, and (ii) are designated by the Committee as an employee eligible to participate in the Plan. If an Employee becomes an eligible Employee in any Plan Year, such Employee shall remain an eligible Employee for all future Plan Years.

For purposes of this Plan, "Compensation" means the total compensation taken into account under the Basic Plan (without regard to the limitations of Section 401(a)(17) of the Code and the regulations thereunder) plus any of deferrals under any non-qualified deferred compensation plan maintained by the Company, including bonus deferrals under any such plan. Notwithstanding the foregoing, effective for the year ending December 31, 1988, Compensation paid to Frederick Schneier shall include amounts deemed received by him as a result of the transfer to him of a portion of the Company's equity interest in certain real property located at 1277 So. Beverly Glen Blvd., Unit 402, Los Angeles, CA 90224.

An eligible Employee's Compensation under this Plan shall be subject to a maximum annual Compensation of \$750,000. For Employees eligible as of December 31, 1995, the maximum annual Compensation for the 1996 Plan Year and each subsequent Plan Year shall be the Employee's Compensation under the Plan for the 1995 Plan Year.

In no event shall an Employee who is not entitled to benefits under the Basic Plan be eligible for a benefit under this Plan.

5. AMOUNT OF BENEFIT

The benefits payable to an eligible Employee or his beneficiary(ies) under this Plan shall equal the excess, if any, of:

- (a) the benefits which would have been paid to such Employee, or on his behalf to this beneficiary(ies), under the Basic Plan, if the provisions of such Plan were administered without regard to the limitations required by Code Sections 401(a)(17) and 415 and by including all Compensation (as defined in Section 4 above) earned by such Employee, over
- (b) the benefits which are payable to such Employee or on his behalf to his beneficiary(ies) under the Basic Plan.

- (c) In determining the benefit of any eligible Employee who prior to January 1, 1996 was a participant in the Paramount Communications Inc. Retirement Plan, such eligible Employee shall not be credited with any Benefit Service prior to January 1, 1996.

6. PAYMENT OF BENEFITS

Payment of benefits under this Plan shall be coincident with and in the same form and manner as the payment of the limited benefit payments made to the Employee or on his behalf to his beneficiaries under the Basic Plan.

7. EMPLOYEES' RIGHTS

An Employee's rights under this Plan, including his rights to vested benefits, shall be the same as his rights under the Basic Plan, except that he shall not be entitled to any payments from the Pension Trust maintained under said Plan on the basis of any benefits to which he may be entitled under this Plan. Benefits under this Plan shall be payable from the general assets of the Company.

8. AMENDMENT AND DISCONTINUANCE

The Company expects to continue this Plan indefinitely. However, the Board of Directors shall have the right to amend, suspend or terminate Plan at any time, if, in its sole judgment, such a change is deemed necessary or desirable. The Retirement Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents.

However, if the Board of Directors or the Committee should amend the Plan, or if the Board of Directors should suspend or terminate the Plan, the Company shall be liable for the lesser of:

- (a) any benefits accrued under this Plan (determined on the basis of each Employee's presumed termination of employment as of the date of such amendment or discontinuance) as of the date of such action; or
- (b) any benefits which would have been accrued under this Plan up to the date of the actual termination of employment, if this Plan had remained in existence until such time.

VIACOM
EXCESS 401(k) PLAN
FOR DESIGNATED SENIOR EXECUTIVES

EFFECTIVE AUGUST 28, 2002

Section 1. Establishment and Purpose of the Plan.

1.1 Establishment. There is hereby established for the benefit of Participants an unfunded plan of voluntarily deferred compensation known as the Viacom Excess 401(k) Plan for Designated Senior Executives. Participation in this Plan is limited to employees of an Employer who are identified by the Company as executive officers and directors for purposes of Section 16(b) of the Securities Act of 1934 ("Reporting Employees"). Any deferrals made under the Viacom Excess 401(k) Plan by any Eligible Employee who was a participant in the Viacom Excess 401(k) Plan prior to the date he becomes a Reporting Employee shall remain in the Viacom Excess 401(k) Plan, subject to the terms of that plan.

1.2 Purpose. The purpose of this Plan is to provide a means by which an Eligible Employee may, in certain circumstances, elect to defer receipt of a portion of his Compensation. The Plan also provides that the Company will, in certain instances, credit the Account of a Participant with an Employer Match.

Section 2. Definitions.

The following words and phrases as used in this Plan have the following meanings:

2.1 Account. The term "Account" shall mean a Participant's individual account, as described in Section 4 of the Plan.

2.2 Board of Directors. The term "Board of Directors" means the Board of Directors of the Company.

2.3 Bonus. The term "Bonus" means any cash bonus paid under the Viacom Inc. Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

2.4 Committee. The term "Committee" means the Retirement Committee appointed by the Board of Directors. The Committee may act on its own behalf or through the actions of its duly authorized delegate.

2.5 Company. The term "Company" means Viacom Inc.

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2.6 Compensation. The term "Compensation" means an Eligible Employee's annual compensation as defined in the Viacom 401(k) Plan, except that the limitations imposed by Internal Revenue Code §401(a)(17) shall not be taken into account.

2.7 Disability. A Participant shall be deemed to have incurred a "Disability" or to be "Disabled" if the Participant (i) has been determined to be disabled by the Social Security Administration or (ii) is receiving benefits under the provisions of the long-term disability plan covering such Participant that is sponsored by or participated in by the Participant's Employer. The date a Participant meets the definition of Disability shall be treated as the date he terminates employment for purposes of Section 5 of the Plan.

2.8 Eligible Employee. The term "Eligible Employee" means an Employee of an Employer (i) for whom the sum of (a) the rate of annual base salary for a particular year and (b) actual commissions received for the prior year, equals or is greater than the annual compensation limit in effect under Internal Revenue Code Section 401(a)(17) (as adjusted from time to time by the Committee) and (ii) is designated by the Committee as an employee who is eligible to participate in the Plan. If an employee becomes an Eligible Employee in any Plan Year, such employee shall remain an Eligible Employee for all future Plan Years; provided, however, that the Committee may terminate such employee's eligibility for the Plan if his annual base salary as of January 1 of any Plan Year is less than the amount in clause (i) in effect for the Plan Year in which such employee initially became an Eligible Employee. Notwithstanding the foregoing, any employee who immediately prior to August 28, 2002 (i) was an eligible employee under the Viacom Excess 401(k) Plan and (ii) was a Reporting Employee, became an Eligible Employee under this Plan effective August 28, 2002.

2.9 Employer. The term "Employer" means the Company and any affiliate or subsidiary that adopts the Plan on behalf of its Eligible Employees.

2.10 Employer Match. The term "Employer Match" means the amounts credited to a Participant's Account with respect to a Participant's Excess Salary Reduction Contributions, calculated using the rate of matching contributions under the Viacom 401(k) Plan in effect at the time such Excess Salary Reduction Contributions are made.

2.11 Excess Salary Reduction Contributions. The term "Excess Salary Reduction Contributions" means the portion of a Participant's Compensation earned during a Plan Year (after such Participant has reached any Limitation) that he elects to defer under the terms of this Plan.

2.12 Investment Options. The term "Investment Options" means the investment funds available to participants in the Viacom 401(k) Plan, excluding the Self-Directed Brokerage Account.

2.13 Joint Payment Option. The term "Joint Payment Option" means, in accordance with Section 5.2, (i) any payment option election made by a Participant in effect in the Viacom Excess 401(k) Plan immediately prior to August 28, 2002, and (ii) any payment option election made on or after August 28, 2002. A Joint Payment Option shall apply to all amounts credited to

the Participant's Account in this Plan, his account in the Viacom Excess 401(k) Plan and his account in the Viacom Bonus Deferral Plan for Designated Senior Executives.

2.14 Limitation. The term "Limitation" means the limitation on contributions to defined contribution plans under Section 415(c), on compensation taken into account under Section 401(a)(17), or on elective deferrals under Section 401(k)(3) and Section 402(g) of the Internal Revenue Code of 1986.

2.15 Participant. The term "Participant" means an Eligible Employee who elects to have Excess Salary Reduction Contributions made to the Plan.

2.16 Plan. The term "Plan" means the Viacom Excess 401(k) Plan for Designated Senior Executives as set forth herein, as amended from time to time.

Section 3. Participation.

3.1 Designation of Eligible Employees. Beginning August 28, 2002, each month the Committee will designate in its sole discretion those employees who satisfy the terms of paragraph 2.8 as eligible to participate in the Plan.

3.2 Election to Participate. An Eligible Employee must elect to participate in the Plan. An Eligible Employee may elect, at any time after becoming eligible, to begin participation and to commence making Excess Salary Reduction Contributions during the Plan Year by filing an election with the Committee in accordance with this Section 3 and the rules and regulations established by the Committee. Such election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee.

3.3 Amendment or Suspension of Election. Participants may change (including, suspend) their existing Excess Salary Reduction Contribution election under this Plan during the Plan Year by filing a new election in accordance with the prescribed administrative guidelines. Such new election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee. A Participant will not be permitted to make up suspended Excess Salary Reduction Contributions, and during any period in which a Participant's Excess Salary Reduction Contributions are suspended, the Employer Match to the Plan will also be suspended.

3.4 Amount of Elections.

Each election filed by an Eligible Employee must specify the amount of Excess Salary Reduction Contributions in a whole percentage between 1% and 15% of the Participants' Compensation, excluding any Bonus. Except as described otherwise in this Section 3.4, no Eligible Employee shall be permitted during any Plan Year to make Excess Salary Reduction Contributions at a rate that exceeds the rate of his Before-Tax Contributions to the Viacom 401(k) Plan as in effect immediately preceding the time that the Eligible Employee actually commences Excess Salary Reduction Contributions to this Plan for that particular Plan Year.

Notwithstanding the foregoing, for the Plan Year ending December 31, 2002, any Eligible Employee who on August 28, 2002 had in effect an Excess Salary Reduction Contribution election that exceeded the rate of his Before-Tax Contributions to the Viacom 401(k) Plan as in effect immediately preceding the time that the Eligible Employee actually commences Excess Salary Reduction Contributions to this Plan shall be permitted to continue that Excess Salary Deferral Contribution election for the remainder of such Plan Year.

Section 4. Employer Match.

An Employer Match will be credited approximately every two weeks to a Participant's Account with respect to the eligible portion of Excess Salary Reduction Contributions of such Participant. The eligible portion of a Participant's Excess Salary Reduction Contributions shall be limited to 5% of each contribution. The eligible portion of a Participant's Excess Salary Reduction Contributions shall be based on Compensation up to an annual maximum amount of \$750,000.

Section 5. Individual Account.

5.1 Creation of Accounts. The Company will maintain an Account in the name of each Participant. Each Participant's Account will be credited with the amount of the Participant's Excess Salary Reduction Contributions, and Employer Match, if any, made in all Plan Years.

5.2 Joint Payment Option Election.

(a) Any Joint Payment Option defined in Section 2.12(i) shall continue to apply until changed by the Participant in accordance with this Section 5.

(b) Any Eligible Employee who first becomes a Participant on or after August 28, 2002 and who has not elected a Joint Payment Option under Section 4.2 of the Viacom Bonus Deferral Plan, Section 4.2 of the Viacom Bonus Deferral Plan for Designated Senior Executives or under Section 5.2 of the Viacom Excess 401(k) Plan shall elect a Joint Payment Option at the same time that the Participant files his initial election to commence participation in the Plan pursuant to Section 3.2. Such Joint Payment Option shall continue to apply until changed by the Participant in accordance with this Section 5.

(c) A Participant may elect to receive his entire Account under either of the following Joint Payment Options: (1) a single lump sum; or, (2) annual payments over a period of two, three, four or five years on or about January 31 beginning in the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If no Joint Payment Option election is made in accordance with the terms of the Plan, the Viacom Excess 401(k) Plan or the Viacom Deferred Bonus Plan for Designated Senior Executives, a Participant shall be deemed to have elected to receive his Account in a

single lump sum on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If a Participant makes a Joint Payment Option election to receive payments in a single lump sum, such lump sum shall be payable on or about January 31

of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, unless the Participant elects to be paid on or about January 31 of the 2nd, 3rd, 4th or 5th calendar year following the year in which the Participant terminates employment. If a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates at the time of making his Joint Payment Option election a specific percentage of his Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

Example 1: If a Participant elects (or is deemed to elect) a Payment Option that provides for a lump sum payment and terminates employment in 2002, such lump sum shall be paid on or about January 31, 2003. A Participant alternatively could designate January 31 of 2004, 2005, 2006 or 2007 in which to receive his lump sum.

Example 2: If a Participant elects a Payment Option that provides for annual installments over a period of four years and terminates employment in 2002, each installment paid on or about January 31, 2003 through 2006 will be comprised of approximately 25% of the Participant's Account as of the Participant's date of termination. A Participant alternatively could designate 10% of his Account to be distributed in January, 2003, 20% in January, 2004, 30% in January, 2005 and 40% in January 2006; or, any other combination of percentages that totals 100%.

(d) A Participant may change his Joint Payment Option no more than three times over the course of his employment with the Company or an Affiliate. A Participant may change an existing Joint Payment Option only one time in any calendar year. Any change of a Participant's existing Joint Payment Option election made less than six months prior to the Participant's termination of employment for any reason shall be null and void and the Participant's last valid Payment Option shall remain in effect.

a. Investments.

(a) All Excess Salary Reduction Contributions, Excess Bonus Deferral Contributions and Employer Match, if any, will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions been invested in the same Investment Options and in the same proportion as the Participant may elect, from time to time, to have his Salary Reduction Contributions and Matching Employer Contributions invested under the Viacom 401(k) Plan; or if no such election has been made, in the PRIMCO Stable Value Fund (or any successor fund).

(b) If a Participant elects (or is deemed to elect) a single lump sum Joint Payment Option payable in the first calendar year following the calendar year in which the Participant terminates employment, no additional adjustments will be made to the Participant's Account after December 31st of the calendar year in which the Participant terminates employment. If a Participant elects a single lump sum Joint Payment Option payable in the second, third, fourth or fifth calendar year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in

which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which the single lump sum is paid.

(c) If a Participant elects annual payments, no additional adjustments will be made to any amount payable in the first calendar year following the year in which the Participant terminates employment. For any annual payments made in the second, third, fourth or fifth year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which each payment is made.

(d) No provision of this Plan shall require the Company or the Employer to actually invest any amounts in any fund or in any other investment vehicle.

5.4 Account Statements. Each Participant will be given, at least annually, a statement showing (i) the amount of Contributions, (ii) the amount of Employer Match, if any, made with respect to his Account for such Plan Year, and (iii) the balance of the Participant's Account after crediting Investments.

Section 6. Payment.

6.1 Payment on Account of Termination of Employment for Reasons Other Than Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following termination of employment in accordance with the Joint Payment Option in effect with respect to the Participant.

6.2 Payment on Account of Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following the date he meets the definition of Disability in accordance with the Joint Payment Option in effect with respect to the Participant. If a Participant no longer meets the definition of Disability and returns to work with an Employer, no further payments shall be made on account of the prior Disability, and distribution of his remaining Account shall be made as otherwise provided in this Section 6 at the time of his subsequent termination of employment.

Section 7. Nature of Interest of Participant.

Participation in this Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of the Company or any Employer, and all amounts of Compensation deferred hereunder shall at all times remain an unrestricted asset of the Company or the Employer. A Participant's rights to

benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, or encumbrance. All payments hereunder shall be paid in cash from the general funds of the Company or applicable Employer and no special or separate fund shall be established and no other segregation of assets shall be made to assure the payment of benefits hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a

fiduciary relationship, between any Employer and a Participant or any other person, and the Company's and each Employer's promise to pay benefits hereunder shall at all times remain unfunded as to the Participant.

Section 8. Hardship Distributions and Deferral Revocations.

A Participant may request the Committee to accelerate distribution of all or any part of the value of his Account solely for the purpose of alleviating an immediate financial emergency. For purposes of the Plan, such an immediate financial emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant and which would result in severe financial hardship to the Participant if early distribution were not permitted. The Committee may request that the Participant provide certifications and other evidence of qualification for such emergency hardship distribution as it determines appropriate. The decision of the Committee with respect to the grant or denial of all or any part of such request shall be in the sole discretion of the Committee, whether or not the Participant demonstrates an immediate financial emergency exists, and shall be final and binding and not subject to review.

Section 9. Beneficiary Designation.

A Participant's beneficiary designation for this Plan will automatically be the same as the Participant's beneficiary designation recognized under the Viacom 401(k) Plan, unless a separate Designation of Beneficiary Form for this Plan has been properly filed.

Section 10. Administration.

10.1 Committee. This Plan will be administered by the Committee, the members of which will be selected by the Board of Directors.

10.2 Powers of the Committee. The Committee's powers will include, but will not be limited to, the power

- (i) to determine who are Eligible Employees for purposes of participation in the Plan,
- (ii) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision,
- (iii) to adopt rules consistent with the Plan, and,
- (iv) to approve certain amendments to the Plan.

10.3 Claims Procedure. The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. In the event of a claim by a Participant as to the amount of any distribution or method of payment under the Plan, within 90 days of the filing of such claim, unless special circumstances require an extension of such period, such person will be given notice in writing of any denial, which notice will set forth the reason for the denial, the Plan provisions on which the denial is based, an explanation of what other material or information, if any, is needed to perfect the claim, and an explanation of the claims

review procedure. The Participant may request a review of such denial within 60 days of the date of receipt of such denial by filing notice in writing with the Committee. The Participant will have the right to review pertinent Plan documents and to submit issues and comments in writing. The Committee will respond in writing to a request for review within 60 days of receiving it, unless special circumstances require an extension of such period. The Committee, at its discretion, may request a meeting to clarify any matters deemed appropriate.

10.4 Finality of Committee Determinations. Determinations by the Committee and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan shall be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives.

10.5 Severability. If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

10.6 Governing Law. The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New York, to the extent not preempted by the laws of the United States.

10.7 Gender. Wherein used herein, words in the masculine form shall be deemed to refer to females as well as males.

Section 11. No Employment Rights.

No provisions of the Plan or any action taken by the Company, the Board of Directors, or the Committee shall give any person any right to be retained in the employ of any Employer, and the right and power of the Company to dismiss or discharge any Participant is specifically reserved.

Section 12. Amendment, Suspension, and Termination.

The Retirement Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents. The Board of Directors shall have the right to suspend or terminate the Plan at any time. No amendment, suspension or termination shall, without the consent of a Participant, adversely affect such Participant's rights in his account. In the event the Plan is terminated, the Committee shall continue to administer the Plan in accordance with the relevant provisions thereof.

VIACOM
BONUS DEFERRAL PLAN
FOR DESIGNATED SENIOR EXECUTIVES

EFFECTIVE AUGUST 28, 2002

Section 1. Establishment and Purpose of the Plan.

1.1 Establishment. There is hereby established for the benefit of Participants an unfunded plan of voluntarily deferred compensation known as the Viacom Bonus Deferral Plan for Designated Senior Executives. Participation in this Plan is limited to employees of an Employer who are identified by the Company as executive officers and directors for purposes of Section 16(b) of the Securities Act of 1934 ("Reporting Employees"). Any Bonus deferrals made under the Viacom Excess 401(k) Plan by any Eligible Employee who was a Participant in the Viacom Excess 401(k) Plan prior to the date he becomes a Reporting Employee shall remain in the Viacom Excess 401(k) Plan.

1.2 Purpose. The purpose of this Plan is to provide a means by which an Eligible Employee may, in certain circumstances, elect to defer receipt of a portion of his cash bonus paid under the Viacom Inc. Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

Section 2. Definitions.

The following words and phrases as used in this Plan have the following meanings:

2.1 Account. The term "Account" shall mean a Participant's individual account, as described in Section 4 of the Plan.

2.2 Board of Directors. The term "Board of Directors" means the Board of Directors of the Company.

2.3 Bonus. The term "Bonus" shall mean any cash bonus paid under the Viacom Inc. Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

2.4 Bonus Deferral Contributions. The term "Bonus Deferral Contributions" means the portion of the Participant's Bonus that he elects to defer under the terms of this Plan. The portion of any Bonus earned in the year 2002 that an Eligible Employee elected to defer under the Viacom Excess 401(k) Plan shall be deferred under this Plan, and shall not be recognized under the Viacom Excess 401(k) Plan.

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2.5 Committee. The term "Committee" means the Retirement Committee appointed by the Board of Directors. The Committee may act on its own behalf or through the actions of its duly authorized delegate.

2.6 Company. The term "Company" means Viacom Inc.

2.7 Disability. A Participant shall be deemed to have incurred a "Disability" or to be "Disabled" if the Participant (i) has been determined to be disabled by the Social Security Administration or (ii) is receiving benefits under the provisions of the long-term disability plan covering such Participant that is sponsored by or participated in by the Participant's Employer. The date a Participant meets the definition of Disability shall be treated as the date he terminates employment for purposes of Section 4 of the Plan.

2.8 Eligible Employee. The term "Eligible Employee" means an employee of an Employer who is an eligible employee under the Viacom Excess 401(k) Plan for Designated Senior Executives. If an employee becomes an Eligible Employee in any Plan Year, such employee shall remain an Eligible Employee for all future Plan Years during which the Eligible Employee remains an eligible employee under the Viacom 401(k) Excess Plan for Designated Senior Executives.

2.9 Employer. The term "Employer" means the Company and any affiliate or subsidiary that adopts the Plan on behalf of its Eligible Employees.

2.10 Investment Options. The term "Investment Options" means the investment funds available to participants in the Viacom 401(k) Plan, excluding the Self-Directed Brokerage Account.

2.11 Joint Payment Option. The term "Joint Payment Option" means the Participant's joint payment option election in accordance with Section 4.2 with respect to the distribution upon his termination of employment of amounts credited to his account in the Viacom Excess 401(k) Plan for Designated Senior Executives and to his Account in this Plan. ..

2.12 Participant. The term "Participant" means an Eligible Employee who elects to have Bonus Deferral Contributions made to the Plan.

2.13 Plan. The term "Plan" means the Viacom Bonus Deferral Plan for Designated Senior Executives as set forth herein, as amended from time to time.

Section 3. Participation.

3.1 Election to Participate.

(a) An Eligible Employee must elect to participate in the Plan.

(b) (i) Any election to defer a portion of a Bonus earned in the year 2002 that was made by an Eligible Employee prior to August 28, 2002 under the Viacom Excess 401(k) Plan shall be recognized by and be deemed to have been made under this Plan, and such Eligible Employee shall become a Participant in this Plan on August 28, 2002.

(ii) For any employee who first becomes an Eligible Employee after 2002, any bonus deferral election made under the Viacom Bonus Deferral for the Bonus to be earned in the year in which he first becomes an Eligible Employee in this Plan, shall be recognized by and be deemed to have been made under this Plan, and such Eligible Employee shall become a Participant in this Plan on the date he becomes an Eligible Employee in this Plan.

(c) For the Plan Year in which an employee first becomes an Eligible Employee, if such Eligible Employee was not an eligible employee under the Viacom Bonus Deferral Plan immediately prior to becoming an Eligible Employee, such Eligible Employee must elect to make a Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the next succeeding calendar year within 30 days of the date he first becomes an Eligible Employee in order for the election to be valid. Prior to December 31 of each Plan Year, an Eligible Employee may elect to make a Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the second succeeding calendar year. For example, prior to December 31, 2002, an Eligible Employee may make a Bonus Deferral Contribution election with respect to any cash bonus to be earned in 2003 that is scheduled to be paid in 2004 under the Viacom Inc. Short-Term Incentive Plan. An Eligible Employee may make an Excess Bonus Deferral Contribution election whether or not such employee previously has made, or currently has in effect, any Excess Salary Reduction Contribution election

3.2 Amount of Elections.

Each election filed by a Participant must specify the amount of Bonus Deferral Contribution in a whole percentage between 1% and 15% of the Participant's applicable Bonus.

Section 4. Individual Account.

4.1 Creation of Accounts. The Company will maintain an Account in the name of each Participant. Each Participant's Account will be credited with the amount of the Participant's Bonus Deferral Contributions made in all Plan Years, including any Bonus Deferral Contributions for the Bonus earned in 2002 that are attributable to the Bonus Deferral Contribution elections originally made under the Viacom Excess 401(k) Plan.

4.2 Joint Payment Option Election.

(a) With respect to each Participant in the Plan on August 28, 2002 who became on that date a participant in the Viacom Excess 401(k) Plan for Designated Senior Executives, any Joint Payment Option election under the Viacom Excess 401(k) Plan for Designated Senior Executives shall apply to the total of all amounts credited to the Participant's Account in this Plan.

(b) If an Eligible Employee first becomes a Participant in this Plan after August 28, 2002, any Joint Payment Option election made by the Participant under the Viacom Excess 401(k) Plan for Designated Senior Executives shall apply to the Participant's Account in this Plan.

(c) If an Eligible Employee was not a participant in the Viacom Excess 401(k) Plan for Designated Senior Executives and did not have in effect a Joint Payment Option election under such Plan, the Eligible Employee shall elect a Joint Payment Option under this Plan at the same time that the Eligible Employee files his initial election to commence participation in the Plan pursuant to Section 3.2. Any such Joint Payment Option election made by a Participant shall also apply to any future Excess Salary Deferral Contributions that the Participant may make under the Viacom Excess 401(k) Plan for Designated Senior Executives.

(d) A Participant may elect to receive his entire Account in either (1) a single lump sum; or, (2) over a period of two, three, four or five years in annual payments on or about January 31 beginning in the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If no Joint Payment Option election is made in accordance with the terms of the Plan, a Participant shall be deemed to have elected to receive his Account in a single lump sum on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. In the event a Participant makes a Joint Payment Option election to receive payments in a single lump sum, such lump sum shall be payable on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, unless the Participant elects to be paid on or about January 31 of the 2nd, 3rd, 4th or 5th calendar year following the year in which the Participant terminates employment. In the event a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates at the time of making his Joint Payment Option election a specific percentage of his Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

Example 1: If a Participant elects (or is deemed to elect) a Payment Option that provides for a lump sum payment and terminates employment in 2003, such lump sum shall be paid on or about January 31, 2004. A Participant alternatively could designate January 31 of 2005, 2006, 2007 or 2008 in which to receive his lump sum.

Example 2: If a Participant elects a Payment Option that provides for annual installments over a period of four years and terminates employment in 2003, each installment paid on or about January 31, 2004 through 2007 will be comprised of approximately 25% of the Participant's Account as of the Participant's date of termination. A Participant alternatively could designate 10% of his Account to be distributed in January, 2004, 20% in January, 2005, 30% in January, 2006 and 40% in January 2007; or, any other combination of percentages which totals 100%.

(e) Any change of Joint Payment Option election made by a Participant under the Viacom Excess 401(k) Plan for Designated Senior Executives shall apply to the Participant's

Account in this Plan. A Participant may change an existing Joint Payment Option election only one time in any calendar year. Any change of a Participant's existing Joint Payment Option election made less than six months prior to the Participant's termination of employment for any reason shall be null and void and the Participant's last valid Joint Payment Option shall remain in effect.

4.3 Investments.

(a) All Bonus Deferral Contributions will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions been invested in the same Investment Options and in the same proportion as the Participant may elect, from time to time, to have his Salary Reduction Contributions and Matching Employer Contributions invested under the Viacom 401(k) Plan; or if no such election has been made, in the PRIMCO Stable Value Fund (or any successor fund).

(b) If a Participant elects (or is deemed to elect) a single lump sum Joint Payment Option payable in the first calendar year following the calendar year in which the Participant terminates employment, no additional adjustments will be made to the Participant's Account after December 31st of the calendar year in which the Participant terminates employment. If a Participant elects a single lump sum Joint Payment Option payable in the second, third, fourth or fifth calendar year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which the single lump sum is paid.

(c) If a Participant elects annual payments, no additional adjustments will be made to any amount payable in the first calendar year following the year in which the Participant terminates employment. For any annual payments made in the second, third, fourth or fifth year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which each payment is made.

(d) No provision of this Plan shall require the Company or the Employer to actually invest any amounts in any fund or in any other investment vehicle.

4.4 Account Statements. Each Participant will be given, at least annually, a statement showing (i) Bonus Deferral Contributions and (ii) the balance of the Participant's Account after crediting Investments.

Section 5. Payment.

5.1 Payment on Account of Termination of Employment for Reasons Other than Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following termination of employment in accordance with the Joint Payment Option in effect with respect to the Participant.

5.2 Payment on Account of Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following the date he meets the definition of Disability in accordance with the Joint Payment Option in effect with respect to the Participant. If a Participant no longer meets the definition of Disability and returns to work with an Employer, no further payments shall be made on account of the prior Disability, and distribution of his remaining Account shall be made as otherwise provided in this Section 5 at the time of his subsequent termination of employment.

Section 6. Nature of Interest of Participant.

Participation in this Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of the Company or any Employer, and all amounts of Compensation deferred hereunder shall at all times remain an unrestricted asset of the Company or the Employer. A Participant's rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, or encumbrance. All payments hereunder shall be paid in cash from the general funds of the Company or applicable Employer and no special or separate fund shall be established and no other segregation of assets shall be made to assure the payment of benefits hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between any Employer and a Participant or any other person, and the Company's and each Employer's promise to pay benefits hereunder shall at all times remain unfunded as to the Participant.

Section 7. Hardship Distributions and Deferral Revocations.

A Participant may request the Committee to accelerate distribution of all or any part of the value of his Account solely for the purpose of alleviating an immediate financial emergency. For purposes of the Plan, such an immediate financial emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant and which would result in severe financial hardship to the Participant if early distribution were not permitted. The Committee may request that the Participant provide certifications and other evidence of qualification for such emergency hardship distribution as it determines appropriate. The decision of the Committee with respect to the grant or denial of all or any part of such request shall be in the sole discretion of the Committee, whether or not the Participant demonstrates an immediate financial emergency exists, and shall be final and binding and not subject to review.

Section 8. Beneficiary Designation.

A Participant's beneficiary designation for this Plan will automatically be the same as the Participant's beneficiary designation recognized under the Viacom Excess 401(k) Plan for Designated Senior Executives.

Section 9. Administration.

9.1 Committee. This Plan will be administered by the Committee, the members of which will be selected by the Board of Directors.

9.2 Powers of the Committee. The Committee's powers will include, but will not be limited to, the power

- (i) to determine who are Eligible Employees for purposes of participation in the Plan,
- (ii) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision,
- (iii) to adopt rules consistent with the Plan, and
- (iv) to approve certain amendments to the Plan.

9.3 Claims Procedure. The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. In the event of a claim by a Participant as to the amount of any distribution or method of payment under the Plan, within 90 days of the filing of such claim, unless special circumstances require an extension of such period, such person will be given notice in writing of any denial, which notice will set forth the reason for the denial, the Plan provisions on which the denial is based, an explanation of what other material or information, if any, is needed to perfect the claim, and an explanation of the claims review procedure. The Participant may request a review of such denial within 60 days of the date of receipt of such denial by filing notice in writing with the Committee. The Participant will have the right to review pertinent Plan documents and to submit issues and comments in writing. The Committee will respond in writing to a request for review within 60 days of receiving it, unless special circumstances require an extension of such period. The Committee, at its discretion, may request a meeting to clarify any matters deemed appropriate.

9.4 Finality of Committee Determinations. Determinations by the Committee and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan shall be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives.

9.5 Severability. If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

9.6 Governing Law. The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New York, to the extent not preempted by the laws of the United States.

9.7 Gender. Wherein used herein, words in the masculine form shall be deemed to refer to females as well as males.

Section 10. No Employment Rights.

No provisions of the Plan or any action taken by the Company, the Board of Directors, or the Committee shall give any person any right to be retained in the employ of any Employer, and the right and power of the Company to dismiss or discharge any Participant is specifically reserved.

Section 11. Amendment, Suspension, and Termination.

The Retirement Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents. The Board of Directors shall have the right to suspend or terminate the Plan at any time. No amendment, suspension or termination shall, without the consent of a Participant, adversely affect such Participant's rights in his account. In the event the Plan is terminated, the Committee shall continue to administer the Plan in accordance with the relevant provisions thereof.

**AMENDMENT NO. 3
TO
FIVE-YEAR CREDIT AGREEMENT**

This AMENDMENT NO. 3, dated as of February 19, 2004 (this "**Amendment**"), is made by and among VIACOM INC., a Delaware corporation ("**Viacom**" or the "**Borrower**"), the banks listed on the signature pages of this Amendment as "Lenders" (the "**Lenders**"), and JPMORGAN CHASE BANK, as administrative agent for the Lenders (the "**Administrative Agent**").

PRELIMINARY STATEMENT:

Viacom, Viacom International Inc., a Delaware corporation ("**Viacom International**"), the Lenders, the Administrative Agent, Salomon Smith Barney Inc., as Syndication Agent, and Fleet National Bank and Bank of America, N.A., as Co-Documentation Agents, previously entered into that certain Five-Year Credit Agreement, dated as of March 7, 2001, as amended by Amendment No. 1 thereto, dated as of March 5, 2002, and Amendment No. 2 thereto, dated as of February 28, 2003 (as so amended, the "**Existing Agreement**"; the Existing Agreement, as amended by this Amendment, being referred to herein as the "**Amended Agreement**"). The Borrower now wishes to amend the Existing Agreement in certain particulars. The Required Lenders and the Administrative Agent have agreed to such amendments, on the terms and conditions set forth herein. The parties therefore agree as follows (capitalized terms used but not defined herein having the meanings assigned such terms in the Existing Agreement):

SECTION 1. Amendments to Existing Agreement. The Existing Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, hereby amended as follows:

- (a) **New Definitions.** The following new definitions are hereby added to Section 1.1 in the appropriate alphabetical order:

"\$3.0 Billion Five-Year Credit Agreement" shall mean the \$3,000,000,000 Five-Year Credit Agreement, dated as of February 19, 2004, among Viacom, Viacom International, each subsidiary borrower party thereto, the lenders party thereto, JPMorgan Chase Bank, as administrative agent, Citibank, N.A., as syndication agent, and Bank of America, N.A., Deutsche Bank Securities, Inc. and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as co-documentation agents, as the same may be amended, supplemented, restated or otherwise modified from time to time.

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"\$3.0 Billion Five-Year Facility Exposure" shall mean on any day the Total Facility Exposure (as defined in the \$3.0 Billion Five-Year Credit Agreement), including the aggregate principal amount of Letters of Credit, Revolving Credit Loans, Swingline Loans and Competitive Loans (as such terms are defined in the \$3.0 Billion Five-Year Credit Agreement), under the \$3.0 Billion Five-Year Credit Agreement on such day.

"\$3.0 Billion Five-Year Facility Total Commitment" shall mean on any day the Total Commitment (as defined in the \$3.0 Billion Five-Year Credit Agreement) (or, on any day after termination of the Commitments (as defined in the \$3.0 Billion Five-Year Credit Agreement), the Total Commitment in effect immediately preceding such termination) under the \$3.0 Billion Five-Year Credit Agreement on such day.

"Total Multi-Currency Sublimit" shall mean \$1,000,000,000, as such sublimit may be increased or decreased from time to time in accordance with Section 2.13.

- (b) **Blockbuster Event.** The definition of "**Blockbuster Event**" contained in Section 1.1 is hereby amended by deleting the phrase "the sale or deconsolidation of Blockbuster Inc. from Viacom" in its entirety and substituting therefor the new phrase "the sale or deconsolidation of Blockbuster Inc. from Viacom (including, without limitation, by way of spin-off or split-off)".

- (c) **Business Day.** The definition of "**Business Day**" contained in Section 1.1 is hereby amended in its entirety to read as follows:

"**Business Day**" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; *provided, however*, that, when used in connection with a Eurocurrency Loan (including a Eurocurrency Loan denominated in Sterling), the term "**Business Day**" shall also exclude any day on which banks are not open for international business (including dealings in Dollar deposits) in the London interbank market.

- (d) **Commitment Utilization Percentage.** The definition of "**Commitment Utilization Percentage**" contained in Section 1.1 is hereby amended in its entirety to read as follows:

"**Commitment Utilization Percentage**" shall mean on any day the percentage equivalent to a fraction (a) the numerator of which is the sum of (i) the Total Revolving Facility Exposure, including the aggregate outstanding principal amount of Letters of

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Credit, Swingline Loans and Competitive Loans, *plus* (ii) the Total Canadian Facility Exposure, *plus* (iii) the \$3.0 Billion Five-Year Facility Exposure, and (b) the denominator of which is the sum of (i) the sum of the Total Revolving Commitment and the Total Canadian Commitment (or,

on any day after termination of the Commitments, the Total Revolving Commitment and the Total Canadian Commitment in effect immediately preceding such termination) plus (ii) the \$3.0 Billion Five-Year Facility Total Commitment.

(e) *Eurocurrency Rate.* The definition of “Eurocurrency Rate” contained in Section 1.1 is hereby amended by (i) deleting the phrase “in the Paris interbank market” in its entirety and substituting therefor the new phrase “in the London interbank market” and (ii) deleting the phrase “In the event that such rate does not appear” in its entirety and substituting therefor the new phrase “With respect to clause (a) of the preceding sentence, in the event that such rate does not appear”.

(f) *Foreign Exchange Rate.* The definition of “Foreign Exchange Rate” contained in Section 1.1 is hereby amended in its entirety to read as follows:

“Foreign Exchange Rate” shall mean, with respect to any Foreign Currency on a particular date, the rate at which such Foreign Currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m., London time, on such date on the Reuters World Currency Page for such Foreign Currency. In the event that such rate does not, or ceases to, so appear on any Reuters World Currency Page, the “Foreign Exchange Rate” with respect to such Foreign Currency shall be determined by reference to such other publicly available source for determining exchange rates as may be agreed upon by the Administrative Agent and Viacom or, in the absence of such agreement, such “Foreign Exchange Rate” shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such Foreign Currency are then being conducted, at or about 11:00 a.m., local time, on such date for the purchase of Dollars with such Foreign Currency for delivery two Business Days later.

(g) *Material Adverse Effect.* The definition of “Material Adverse Effect” contained in Section 1.1 is hereby amended by adding the following clause at the end thereof immediately preceding the period:

“, excluding any effects which may result from non-cash charges arising from SFAS No. 142 and/or SFAS No. 144, as applicable, issued by the Financial Accounting Standards Board”

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(h) *Deletion of Certain Definitions.* The definitions “364-Day Credit Agreement”, “364-Day Facility Exposure”, “364-Day Facility Total Commitment” and “Existing Infinity Credit Agreement” contained in Section 1.1 are hereby deleted in their entirety.

(i) *Revolving Credit Loans.* Section 2.2(a) is hereby amended by deleting the phrase “in the case of Eurocurrency US\$-Canadian Loans and Eurocurrency Revolving Loans” in its entirety and substituting therefor the new phrase “in the case of Eurocurrency US\$-Canadian Loans and Eurocurrency Revolving Loans denominated in Dollars”.

(j) *Funding of Multi-Currency Revolving Loans.* Section 2.2(b) is hereby amended in its entirety to read as follows:

“(b) Each Lender or US-Canadian Lender, as applicable, shall make each Loan (other than (i) a Swingline Loan, as to which this Section 2.2 shall not apply, (ii) a C\$ Loan, as to which Annex II shall govern, and (iii) a Multi-Currency Revolving Loan) to be made by it on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 12:00 noon, New York City time (or, in connection with an ABR Loan to be made on the same day on which a notice is submitted, 12:30 p.m., New York City time) and the Administrative Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the general deposit account of the relevant Borrower with the Administrative Agent. Each US-Canadian Lender shall make each US\$-Canadian Loan through a branch or Lender Affiliate of such US-Canadian Lender located in the United States (or as otherwise may be agreed from time to time between Viacom and such US-Canadian Lender). Each Lender shall make each Multi-Currency Revolving Loan to be made by it on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent at its offices at J.P. Morgan Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom, not later than (A) in the case of any Multi-Currency Revolving Loan denominated in Euros or Sterling, 3:00 p.m., London time, or (B) in the case of any Multi-Currency Revolving Loan denominated in Yen, 3:00 p.m., Tokyo time, and the Administrative Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the general deposit account of the relevant Borrower with the Administrative Agent.”

(k) *Swingline Loans.* Section 2.6(a) is hereby amended by adding the following *proviso* to the end of the first sentence thereof immediately preceding the period:

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“; *provided*, that after giving effect to each Swingline Loan, the Total Revolving Facility Exposure shall not exceed the Total Revolving Commitment then in effect”

(l) *Obligations Absolute.* Section 2.6(f) is hereby amended by deleting the phrase “a Default or an Event of Default” in its entirety and substituting therefor the new phrase “a Default or an Event of Default (other than an Event of Default described in Article VI, paragraph (f) or (g), in the case of each Lender’s obligation to make Revolving Credit Loans pursuant to Section 2.6(c))”.

(m) *Letters of Credit.* Section 2.7(a) is hereby amended by deleting the phrase “*provided*, that in no event shall the Aggregate LC Exposure exceed \$750,000,000 at any time” in its entirety and substituting therefor the new phrase “*provided*, that (A) in no event shall the Aggregate LC Exposure exceed \$750,000,000 at any time and (B) after giving effect to each issuance of a Letter of Credit, the Total Revolving Facility Exposure shall not exceed the Total Revolving Commitment then in effect”.

(n) *Determination of Dollar Equivalents.* Section 2.7(h)(i) is hereby amended by deleting the phrase “For all purposes of this Agreement” in its entirety and substituting therefor the new phrase “For all purposes of this Agreement (except as otherwise set forth in Section 2.22)”.

(o) *Interest on Loans.* Section 2.10(a) is hereby amended by deleting the phrase “the Eurocurrency Rate for the Interest Period in effect for such Loan plus the Margin” in its entirety and substituting therefor the new phrase “the Eurocurrency Rate for the Interest Period in effect for such Loan plus or minus (as the case may be) the Margin”.

(p) *Termination, Reduction and Increase of Commitments.* Section 2.13(c) is hereby amended by deleting the phrase “to an aggregate amount, when added to the aggregate amount of Total Commitments (as defined under the 364-Day Credit Agreement) under the 364-Day Credit Agreement, not to exceed \$4,500,000,000” in its entirety and substituting therefor the new phrase “to an aggregate amount not to exceed \$2,000,000,000”.

(q) *Increase or Decrease in Multi-Currency Sublimits.* Section 2.13(g) is hereby amended in its entirety to read as follows:

“(g) Upon a decrease, pursuant to Section 2.13(a) or (b), in the Total Revolving Commitments, Viacom may decrease the Total Multi-Currency Sublimit and/or the Multi-Currency Sublimit with respect to any or all Multi-Currencies, in each case in a minimum principal amount of \$10,000,000 and in integral multiples of \$1,000,000 in excess thereof. No such termination or

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reduction shall be made if, after giving effect thereto and to any prepayments of the Loans made on the effective date thereof, (i) the Multi-Currency Sublimit with respect to each applicable Multi-Currency would be less than the Multi-Currency Revolving Loans outstanding in such Multi-Currency at such time or (ii) the Total Multi-Currency Sublimit would be less than the outstanding principal amount of Multi-Currency Revolving Loans at such time. Upon an increase, pursuant to Section 2.13(c), in the Total Revolving Commitments or Total Canadian Commitments, as applicable, the Administrative Agent, with the consent of the Required Facility Lenders in respect of the relevant Facility, may increase the Total Multi-Currency Sublimit and/or the Multi-Currency Sublimit with respect to Canadian Dollars or any or all Multi-Currencies to an amount not in excess of the Total Canadian Commitments or Total Revolving Commitments, as applicable.”

(r) *Payments.* Section 2.19(a) is hereby amended by deleting the phrase “at its offices at Chase Manhattan International Ltd., 9 Thomas Moore Street, London E1-9YT United Kingdom” in its entirety and substituting therefor the new phrase “at its offices at J.P. Morgan Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom”.

(s) *Currency Equivalents.* Section 2.22(d) is hereby amended by deleting the phrase “the Commitment Utilization Percentage is greater than 110%” in its entirety and substituting therefor the new phrase “the Commitment Utilization Percentage (calculated without giving effect to clauses (a)(iii) and (b)(ii) contained in the definition thereof in Section 1.1) is greater than 110%”.

(t) *Dividends by Blockbuster Inc.* Section 5.4 is hereby amended by (i) deleting the word “and” at the end of subsection (e) thereof in its entirety, and (ii) adding the following new subsection (g) at the end thereof immediately preceding the period:

“; and

(g) Blockbuster Inc. may pay a dividend to its shareholders in contemplation of, or otherwise in connection with, the Blockbuster Event”

(u) *Liens.* Section 5.5 is hereby amended by (i) deleting the word “and” at the end of subsection (d) thereof in its entirety, and (ii) adding the following new subsection (f) at the end thereof immediately preceding the period:

“; and

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(f) Liens securing Indebtedness permitted under Section 5.6(h), *provided*, that such Liens shall be non-recourse to Viacom and Viacom International and shall extend solely to the Property of Blockbuster Inc. and its Subsidiaries”

(v) *Limitation on Subsidiary Indebtedness.* Section 5.6 is hereby amended by (i) deleting the phrase “the declaration of a note payable dividend by any Subsidiary” set forth in subsection (b) thereof in its entirety and substituting therefor the new phrase “the declaration of any dividend (including a note payable dividend) by any Subsidiary”; (ii) deleting the phrase “existing at any time under the 364-Day Credit Agreement or under the Existing Infinity Credit Agreement” set forth in subsection (d) thereof in its entirety and substituting therefor the new phrase “existing at any time under the \$3.0 Billion Five-Year Credit Agreement”; (iii) deleting the word “and” at the end of subsection (f) thereof in its entirety; (iv) replacing the period at the end thereof with a semicolon; and (v) adding the following new subsections (h) and (i) at the end thereof:

“(h) Indebtedness of Blockbuster Inc. and its Subsidiaries incurred after the Closing Date in contemplation of, or otherwise in connection with, the Blockbuster Event, *provided* that such Indebtedness shall be non-recourse to Viacom and its Subsidiaries (other than Blockbuster Inc. and its Subsidiaries); and

(i) other Indebtedness set forth in Schedule 5.6(i).”

(w) *Viacom Guarantee Payments.* Section 8.1(f) is hereby amended by deleting the phrase “at its offices at Chase Manhattan International Ltd., 9 Thomas Moore Street, London E1-9YT United Kingdom, in immediately available funds” in its entirety and substituting therefor the new phrase “at its

offices at J.P. Morgan Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom, in the relevant Multi-Currency and in immediately available funds”.

(x) *Viacom International Guarantee Payments.* Section 8.2(f) is hereby amended by deleting the phrase “at its offices at Chase Manhattan International Ltd., 9 Thomas Moore Street, London E1-9YT United Kingdom, in immediately available funds” in its entirety and substituting therefor the new phrase “at its offices at J.P. Morgan Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom, in the relevant Multi-Currency and in immediately available funds”.

(y) *Notices.* Section 9.1(c) is hereby amended in its entirety to read as follows:

“(c) if to the Administrative Agent, to it at JPMorgan Chase Bank, 270 Park Avenue, New York, New York 10017, Attention: James Stone (Telecopy No. (212) 270-4584), with a

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copy to (i) JPMorgan Chase Bank, Loan and Agency Services, 1111 Fannin Street, 10th Floor, Houston, Texas 77002, Attention: Valerie Grandinetti (Telecopy No. (713) 750-2358) and (ii) if such notice or other communication relates to a Multi-Currency Revolving Loan (including any Borrowing Request for a Multi-Currency Revolving Loan), J.P. Morgan Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom, Attention: Caroline Walsh (Telecopy No. 011-44-207-777-2360);”

(z) *Successors and Assigns.* Section 9.4 is hereby amended by (i) deleting the phrase “Viacom and the Administrative Agent must give their prior written consent” set forth in subsection (b) thereof in its entirety and substituting therefor the new phrase “Viacom, the Administrative Agent and each Issuing Lender must give their prior written consent”; (ii) deleting the phrase “the written consent of Viacom and the Administrative Agent” set forth in subsection (e) thereof in its entirety and substituting therefor the new phrase “the written consent of Viacom, the Administrative Agent and each Issuing Lender”; (iii) deleting the phrase “the consent of any Borrower or the Agents” set forth in subsection (f) thereof in its entirety and substituting therefor the new phrase “the consent of any Borrower, the Agents or any Issuing Lender”; (iv) deleting the phrase “the prior written consent of any Borrower or the Administrative Agent” set forth in subsection (h) thereof in its entirety and substituting therefor the new phrase “the prior written consent of any Borrower, the Administrative Agent or any Issuing Lender”; and (v) deleting the phrase “the relevant Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Bank or to any financial institutions (consented to by such Borrower and the Administrative Agent)” set forth in subsection (i) thereof in its entirety and substituting therefor the new phrase “the relevant Borrower, the Administrative Agent and the Issuing Lenders and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Bank or to any financial institutions (consented to by such Borrower, the Administrative Agent and each Issuing Lender)”.

(aa) *Indemnity.* Section 9.5(b) is hereby amended by deleting the phrase “will not apply to any Losses to the extent” in its entirety and substituting therefor the new phrase “will not apply to any Losses to which an Indemnified Person becomes subject to the extent”.

(bb) *Amendments.* Section 9.8(b) is hereby amended by deleting the phrase “or (vi) amend, modify or waive any provision of Article VII” in its entirety and substituting therefor the new phrase “, (vi) amend, modify or waive Section 2.17(a) in a manner that would alter the *pro rata* allocation of payments required thereby without the prior written consent of all the Lenders, or (vii) amend, modify or waive any provision of Article VII”.

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(cc) *Form of Confidentiality Agreement.* The last paragraph of Exhibit D to the Credit Agreement is hereby amended by deleting the phrase “we shall be entitled to retain all Information and to use it” in its entirety and substituting therefor the new phrase “we shall be entitled to retain all Information for so long as we remain a Lender to use it”.

(dd) *Form of Issuing Lender Agreement.* Exhibit F to the Credit Agreement is hereby deleted in its entirety and Exhibit F attached hereto is substituted therefor.

(ee) *Schedule of Guarantees.* Schedule 1.1(a) to the Credit Agreement is hereby deleted in its entirety and Schedule 1.1(a) attached hereto is substituted therefor.

(ff) *Schedule of Other Indebtedness.* Schedule 5.6(i) attached hereto is hereby made, and shall be deemed to be, Schedule 5.6(i) to the Credit Agreement.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written (the “*Effective Date*”) when, and only when, (a) the \$3.0 Billion Five-Year Credit Agreement (as defined in Section 1(a) above) shall have become effective pursuant to the terms thereof and (b) the Administrative Agent shall have received (i) counterparts of this Amendment executed by Viacom, the Required Lenders and the Administrative Agent (*provided*, that any Lender that executes the \$3.0 Billion Five-Year Credit Agreement (as defined in Section 1(a) above) shall be deemed to have delivered a counterpart of this Amendment), and (ii) the consent of Viacom International, substantially in the form of Exhibit A hereto, duly executed by an authorized officer of Viacom International.

SECTION 3. Representations and Warranties of Borrower. The Borrower hereby represents and warrants as follows:

(a) *No Breach, etc.* None of the execution and delivery of this Amendment, the consummation of the transactions contemplated herein and in the Amended Agreement and compliance with the terms and provisions hereof and thereof will conflict with or result in a breach of, or require any consent under, the charter or By-laws (or other equivalent organizational documents) of the Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any Governmental Authority, or any material agreement or instrument to which Viacom or any of its Material Subsidiaries is a party or

by which any of them is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of Viacom or any of its Material Subsidiaries pursuant to the terms of any such agreement or instrument.

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(b) *Corporate Action.* The Borrower has all necessary corporate power and authority to execute and deliver this Amendment and to perform its obligations under this Amendment and the Amended Agreement; the execution and delivery by the Borrower of this Amendment, and the performance by the Borrower of this Amendment and the Amended Agreement, have been duly authorized by all necessary corporate action on the Borrower's part; this Amendment has been duly and validly executed and delivered by the Borrower; and each of this Amendment and the Amended Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general applicability affecting the enforcement of creditors' rights and (ii) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) *Approvals.* No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority are necessary for the execution, delivery or performance by the Borrower of this Amendment or for the validity or enforceability hereof.

SECTION 4. Reference to and Effect on the Existing Agreement. (a) Upon the effectiveness of this Amendment: (i) each reference in the Existing Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Existing Agreement shall mean and be a reference to the Amended Agreement; and (ii) each reference in any other Loan Document to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Agreement shall mean and be a reference to the Amended Agreement.

(b) Except as specifically amended above, the Existing Agreement shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders or the Administrative Agent under the Existing Agreement or any other Loan Document, nor constitute a waiver of any provision of the Existing Agreement or any other Loan Document.

SECTION 5. Execution in Counterparts. This Amendment may be executed in two or more counterparts, each of which constitutes an original but all of which when taken together shall constitute but one contract. In furtherance of the foregoing, it is understood and agreed that signatures hereto submitted by facsimile transmission shall be deemed to be, and shall constitute, original signatures.

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SECTION 6. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. Severability. In the event any one or more of the provisions contained in this Amendment should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

[Remainder of the page left blank intentionally; Signature page to follow.]

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

VIACOM INC.

By /s/ ROBERT G. FREEDLINE

Name: Robert G. Freedline

Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, as
Administrative Agent and as agent for the
Lenders party to the \$3.0 Billion Five-Year Credit
Agreement

By /s/ THOMAS H. KOZLARK

Name: Thomas H. Kozlark

Title: Vice President

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Lenders

JPMORGAN CHASE BANK (as successor to The Chase Manhattan Bank), as a Lender

By /s/ THOMAS H. KOZLARK

Name: Thomas H. Kozlark

Title: Vice President

JPMORGAN CHASE BANK, TORONTO BRANCH (as successor to The Chase Manhattan Bank, Toronto Branch), as a Lender

By /s/ THOMAS H. KOZLARK

Name: Thomas H. Kozlark

Title: Vice President

CITIBANK, N.A., as a Lender

By /s/ CAROLYN A. KEE

Name: Carolyn A. Kee

Title: Vice President

CITIBANK N.A., CANADIAN BRANCH, as a Lender

By /s/ ADAM SHEPHERD

Name: Adam Shepherd

Title: Authorized Signer

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BANK OF AMERICA, N.A., as a Lender

By /s/ THOMAS J. KANE

Name: Thomas J. Kane

Title: Principal

BANK OF AMERICA, N.A. (acting through its Canada branch), as a Lender

By /s/ NELSON LAM

Name: Nelson Lam

Title: Vice President

FLEET NATIONAL BANK, as a Lender

By /s/ LAURA NEENAN

Name: Laura Neenan
Title: Vice President

SUMITOMO MITSUI BANKING
CORPORATION (as successor to The Sumitomo
Bank, Limited), as a Lender

By /s/ LEO E. PAGARIGAN
Name: Leo E. Pagarigan
Title: Senior Vice President

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THE BANK OF NEW YORK, as a Lender

By /s/ CYNTHIA L. ROGERS
Name: Cynthia L. Rogers
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI,
LTD., NEW YORK BRANCH, as a Lender

By /s/ LINDA TAM
Name: Linda Tam
Title: Authorized Signatory

DEUTSCHE BANK AG, NEW YORK
BRANCH and/or CAYMAN ISLANDS
BRANCH, as a Lender

By /s/ DAVID G. DICKINSON, JR.
Name: David G. Dickinson, Jr.
Title: Director

By /s/ WILLIAM W. MCGINTY
Name: William W. McGinty
Title: Director

DEUTSCHE BANK AG, CANADA
BRANCH, as a Lender

By /s/ ROBERT JOHNSON
Name: Robert Johnson
Title: Vice President

By /s/ MARCELLUS LEUNG
Name: Marcellus Leung
Title: Assistant Vice President

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MIZUHO CORPORATE BANK, LTD. (as
successor in interest to The Dai-Ichi Kangyo
Bank Ltd., The Fuji Bank, Limited, and The
Industrial Bank of Japan, Limited), as a
Lender

By /s/ MARK GRONICH
Name: Mark Gronich

Title: Vice President

THE BANK OF NOVA SCOTIA, as a
Lender

By /s/ [ILLEGIBLE]

Name:

Title:

By /s/ [ILLEGIBLE]

Name:

Title:

BARCLAYS BANK PLC, as a Lender

By /s/ L. PETER YETMAN

Name: L. Peter Yetman

Title: Director

S-6

UFJ BANK LIMITED (as successor to The
Sanwa Bank, Limited, New York Branch,
and The Tokai Bank, Limited, New York
Branch), as a Lender

By _____

Name:

Title:

DRESDNER BANK AG, NEW YORK
AND GRAND CAYMAN BRANCHES, as
a Lender

By /s/ BRIAN SMITH

Name: Brian Smith

Title: Director

By /s/ BRIAN SCHNEIDER

Name: Brian Schneider

Title: Vice President

MELLON BANK, N.A., as a Lender

By /s/ THOMAS J. TARASOVICH, JR.

Name: Thomas J. Tarasovich, Jr.

Title: Assistant Vice President

S-7

CREDIT SUISSE FIRST BOSTON, Acting
Through Its Cayman Islands Branch, as a
Lender

By /s/ BILL O'DALY

Name: Bill O'Daly

Title: Director

By /s/ CASSANDRA DROOGAN

Name: Cassandra Droogan

Title: Associate

CREDIT SUISSE FIRST BOSTON Toronto
Branch, as a Lender

By /s/ ALAIN DAOUST

Name: Alain Daoust

Title: Director

By /s/ PETER CHAUVIN

Name: Peter Chauvin

Title: Vice President

BANK ONE, NA, as a Lender

By /s/ JOHN E. GLISSON

Name: John E. Glisson

Title: Associate Director

BANK ONE, NA, CANADA BRANCH, as
a Lender

By /s/ JOHN E. GLISSON

Name: John E. Glisson

Title: Associate Director

S-8

THE ROYAL BANK OF SCOTLAND
PLC, as a Lender

By /s/ DAVID A. LUCAS

Name: David A. Lucas

Title: Senior Vice President

WACHOVIA BANK, N.A., as a Lender

By /s/ RUSSELL J. LYONS

Name: Russell J. Lyons

Title: Vice President

WESTLB AG, NEW YORK BRANCH (as
successor to Westdeutsche Landesbank
Girozentrale, New York Branch), as a
Lender

By /s/ LUCIE L. GUERNSEY

Name: Lucie L. Guernsey

Title: Executive Director

By /s/ RICHARD J. PEARSE

Name: Richard J. Pearse

Title: Executive Director

LLOYDS TSB BANK PLC, as a Lender

By /s/ [ILLEGIBLE]

Name:

Title:

By /s/ PETER T. DOYLE

Name: Peter T. Doyle

Title: Vice President, Corporate

THE NORINCHUKIN BANK, NEW
YORK BRANCH, as a Lender

By /s/ FUMIAKI ONO

Name: Fumiaki Ono

Title: General Manager

SUNTRUST BANK, as a Lender

By _____

Name:

Title:

ABN AMRO BANK N.V., as a Lender

By /s/ FRANCES O'R. LOGAN

Name: Frances O'R. Logan

Title: Managing Director

By /s/ SHILPA PARANDEKAR

Name: Shilpa Parandekar

Title: Vice President

UBS AG, STAMFORD BRANCH, as a
Lender

By /s/ WILFRED V. SAINT

Name: Wilfred V. Saint

Title: Associate Director, Banking
Products Services, US

By /s/ BARBARA EZELL-MCMICHAEL

Name: Barbara Ezell-McMichael

Title: Associate Director, Banking
Products Services, US

MERRILL LYNCH BANK USA, as a
Lender

By /s/ LOUIS ALDER

Name: Louis Alder

Title: Director

NATIONAL AUSTRALIA BANK
LIMITED, as a Lender

By /s/ EDUARDO SALAZAR

Name: Eduardo Salazar
Title: Senior Vice President

BANK OF SCOTLAND, as a Lender

By _____
Name:
Title:

\$3,000,000,000

FIVE-YEAR CREDIT AGREEMENT

among

VIACOM INC.,

VIACOM INTERNATIONAL INC.,

THE SUBSIDIARY BORROWERS PARTIES HERETO,

THE LENDERS NAMED HEREIN,

JPMORGAN CHASE BANK,
as Administrative Agent,

CITIBANK, N.A.,
as Syndication Agent

and

BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES, INC., and
THE BANK OF TOKYO-MITSUBISHI, LTD., NEW YORK BRANCH,
as Co-Documentation Agents,

Dated as of February 19, 2004

JPMORGAN SECURITIES INC.
and
CITIGROUP GLOBAL MARKETS INC.,
as Joint Lead Arrangers

JPMORGAN SECURITIES INC.,
as Sole Bookrunner

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FIVE-YEAR CREDIT AGREEMENT entered into as of February 19, 2004, among VIACOM INC., a Delaware corporation (“*Viacom*”), VIACOM INTERNATIONAL INC. (“*Viacom International*”), each Subsidiary Borrower (as herein defined); the lenders whose names appear on Schedule 1.1 hereto or who subsequently become parties hereto as provided herein (the “*Lenders*”); JPMORGAN CHASE BANK, a New York banking corporation (“*JPMorgan Chase*”), as administrative agent for the Lenders; CITIBANK, N.A., a national banking association, as syndication agent for the Lenders (in such capacity, the “*Syndication Agent*”); and BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES, INC. and THE BANK OF TOKYO-MITSUBISHI, LTD., NEW YORK BRANCH, as co-documentation agents for the Lenders (in such capacity, the “*Co-Documentation Agents*”).

WITNESSETH:

WHEREAS, Viacom has requested that the Lenders provide extensions of credit to it and to certain Subsidiary Borrowers to be used for general corporate purposes (including, without limitation, acquisitions and commercial paper backup), which extensions of credit shall enable the Borrowers (as herein defined) to borrow loans and cause the issuance of letters of credit in an aggregate amount not to exceed \$3.0 billion (except as reduced pursuant to Section 2.13) on a revolving credit basis on and after the Closing Date (as herein defined) and prior to the Revolving Credit Maturity Date (as herein defined); and

WHEREAS, Viacom has requested that the Lenders provide a multi-currency borrowing option in an aggregate principal amount not to exceed \$1.0 billion (except as reduced pursuant to Section 2.13), which the Lenders will make available to the Borrowers with sublimits as follows: (i) Euros (as defined herein), \$500 million, (ii) Sterling (as defined herein), \$500 million and (iii) Yen (as defined herein), \$300 million; and

WHEREAS, the Lenders are willing to extend credit to the Borrowers on the terms and subject to the conditions herein set forth;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. *Defined Terms.* As used in this Agreement, the following terms shall have the meanings specified below:

“*ABR Loan*” shall mean (a) any Revolving Credit Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II and (b) any ABR Swingline Loan.

“*ABR Revolving Credit Loan*” shall mean any Revolving Credit Loan which is an ABR Loan.

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“*ABR Swingline Exposures*” shall mean at any time the aggregate principal amount at such time of the outstanding ABR Swingline Loans. The ABR Swingline Exposure of any Lender at any time shall mean its Revolving Credit Percentage of the aggregate ABR Swingline Exposures at such time.

“*ABR Swingline Loan*” shall have the meaning assigned to such term in Section 2.6(a).

“*Absolute Rate Loan*” shall mean any Competitive Loan bearing interest at a fixed percentage rate per annum (expressed in the form of a decimal rounded to no more than four decimal places) specified by the Lender making such Loan in its Competitive Bid.

“*Administrative Agent*” shall mean JPMorgan Chase, together with its affiliates, as an arranger of the Commitments and as the administrative agent for the Lenders under this Agreement, and any successor thereto pursuant to Article VII.

“*Administrative Agent Fee Letter*” shall mean the Fee Letter with respect to this Agreement between Viacom and the Administrative Agent, as amended, supplemented or otherwise modified from time to time.

“*Administrative Agent’s Fees*” shall have the meaning assigned to such term in Section 2.9(c).

“*Administrative Questionnaire*” shall mean an Administrative Questionnaire in the form of Exhibit A hereto.

“*Affiliate*” shall mean, as to Viacom, any Person which directly or indirectly controls, is under common control with or is controlled by Viacom. As used in this definition, “*control*” (including, with correlative meanings, “*controlled by*” and “*under common control with*”) shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise); *provided* that, in any event, any Person which owns directly or indirectly 10% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or 10% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person. Notwithstanding the foregoing, (a) no individual shall be deemed to be an Affiliate of Viacom solely by reason of his or her being an officer, director or employee of Viacom or any of its Subsidiaries and (b) Viacom International and Viacom and their Subsidiaries shall not be deemed to be Affiliates of each other, unless expressly stated to the contrary.

“*Agents*” shall mean the collective reference to the Administrative Agent, the Joint Lead Arrangers, the Sole Bookrunner, the Co-Documentation Agents and the Syndication Agent.

“*Aggregate LC Exposure*” shall mean, at any time, the sum of (a) the aggregate undrawn amount of all Letters of Credit outstanding at such time and (b) the aggregate amount which has been drawn under Letters of Credit but for which the applicable Issuing Lender or the

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Lenders, as the case may be, have not been reimbursed by Viacom or the relevant Subsidiary Borrower at such time.

“*Agreement*” shall mean this Five-Year Credit Agreement, as amended, supplemented or otherwise modified from time to time.

“*Alternate Base Rate*” shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. For purposes hereof, “*Prime Rate*” shall mean the rate of interest per annum publicly announced from time to time by the Lender serving as the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective; and “*Federal Funds Effective Rate*” shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be the Prime Rate until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

“*Applicable Eurocurrency Margin*” shall mean the “Applicable Eurocurrency Margin” determined in accordance with the Pricing Grid set forth in Annex I hereto.

“*Applicable Facility Fee Rate*” shall mean the “Applicable Facility Fee Rate” determined in accordance with the Pricing Grid set forth in Annex I hereto.

“*Applicable LC Fee Rate*” shall mean (a) with respect to Financial Letters of Credit, the “Applicable Financial LC Fee Rate” determined in accordance with the Pricing Grid set forth in Annex I hereto and (b) with respect to Non-Financial Letters of Credit, the “Applicable Non-Financial LC Fee Rate” determined in accordance with the Pricing Grid set forth in Annex I hereto.

“*Applicable Utilization Fee Rate*” shall mean the “Applicable Utilization Fee Rate” determined in accordance with the Pricing Grid set forth in Annex I hereto.

“*Assignment and Acceptance*” shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent, in the form of Exhibit C.

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“*Blockbuster Event*” means the sale or deconsolidation of Blockbuster Inc. from Viacom (including, without limitation, by way of spin-off or split-off), which sale or deconsolidation shall be substantially non-recourse to Viacom and Viacom International.

“*Board*” shall mean the Board of Governors of the Federal Reserve System of the United States.

“*Bonds*” shall have the meaning assigned to such term in Section 8.2(g).

“*Borrower*” shall mean, as applicable, Viacom or the relevant Subsidiary Borrower.

“*Business Day*” shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; *provided, however*, that, when used in connection with a Eurocurrency Loan (including a Eurocurrency Loan

denominated in Sterling), the term “*Business Day*” shall also exclude any day on which banks are not open for international business (including dealings in Dollar deposits) in the London interbank market.

“*Capital Lease Obligations*” of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property (other than satellite transponders), or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

“*Capital Stock*” shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

“*Closing Certificate*” shall mean a certificate, substantially in the form of Exhibit E.

“*Closing Date*” shall mean February 19, 2004.

“*Code*” shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

“*Co-Documentation Agents*” shall have the meaning assigned to such term in the preamble hereto.

“*Commitment*” shall mean, with respect to each Lender, the commitment of such Lender to make Revolving Credit Loans pursuant to Section 2.1, to make or refund ABR Swingline Loans pursuant to Section 2.6 and to issue or participate in Letters of Credit pursuant to Section 2.7, as set forth on Schedule 1.1, as such Lender’s Commitment may be permanently

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terminated or reduced from time to time pursuant to Section 2.13 or changed pursuant to Section 9.4.

“*Commitment Utilization Percentage*” shall mean on any day the percentage equivalent to a fraction (a) the numerator of which is the sum of (i) the aggregate outstanding principal amount of Revolving Credit Loans, including the aggregate outstanding principal amount of Letters of Credit, Swingline Loans and Competitive Loans, *plus* (ii) the Five-Year Facility Exposure, and (b) the denominator of which is the sum of (i) the Total Commitment (or, on any day after termination of the Commitments, the Total Commitment in effect immediately preceding such termination) *plus* (ii) the Five-Year Facility Total Commitment.

“*Competitive Bid*” shall mean an offer to make a Competitive Loan pursuant to Section 2.3.

“*Competitive Bid Rate*” shall mean, as to any Competitive Bid made pursuant to Section 2.3(b), (a) in the case of a Eurocurrency Competitive Loan, the Margin, and (b) in the case of an Absolute Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

“*Competitive Bid Request*” shall mean a request made pursuant to Section 2.3 in the form of Exhibit B-1.

“*Competitive Loan*” shall mean a Loan from a Lender to a Borrower pursuant to the bidding procedure described in Section 2.3. Each Competitive Loan shall be a Eurocurrency Competitive Loan or an Absolute Rate Loan and, subject to Section 2.3(a), may be denominated in Dollars or a Foreign Currency.

“*Compliance Certificate*” shall have the meaning assigned to such term in Section 5.1.

“*Confidential Information*” shall have the meaning assigned to such term in Section 9.15(a).

“*Confidentiality Agreement*” shall mean a confidentiality agreement substantially in the form of Exhibit D, with such changes as Viacom may approve.

“*Consolidated Coverage Ratio*” shall mean, for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

“*Consolidated EBITDA*” shall mean, with respect to Viacom and its Consolidated Subsidiaries for any period, operating profit (loss) (excluding that related to Discontinued Operations), plus other income (loss), plus interest income, plus depreciation and amortization (excluding amortization related to programming rights, prepublication costs and videocassettes), excluding (a) gains (losses) on sales of assets (except (I) gains (losses) on sales of inventory sold in the ordinary course of business and (II) gains (losses) on sales of other assets if such gains (losses) are less than \$10,000,000 individually and less than \$50,000,000 in the aggregate during such period), (b) other non-cash items (including (i) provisions for losses and additions to valuation allowances, (ii) provisions for restructuring, litigation and environmental reserves and

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losses on the Disposition of businesses and (iii) pension settlement charges), and (c) nonrecurring expenses incurred during such period in connection with the merger of CBS and Viacom pursuant to the Agreement and Plan of Merger entered into by CBS, Viacom and Viacom/CBS LLC dated as of September 6, 1999, as amended, amended and restated, supplemented and otherwise modified from time to time, minus cash payments made during such period in respect of non-cash charges taken during any previous period (excluding cash payments in respect of non-cash charges taken prior to December 31, 1999).

“*Consolidated Interest Expense*” shall mean for any period the gross cash interest expense of Viacom and its Consolidated Subsidiaries on Indebtedness for such period plus cash dividends paid on preferred stock to Persons other than Viacom and its Wholly Owned Subsidiaries for such period, but excluding the gross cash interest expense of the Discontinued Operations for such period.

“*Consolidated Subsidiary*” shall mean, as to any Person, each Subsidiary of such Person (whether now existing or hereafter created or acquired) the financial statements of which shall be consolidated with the financial statements of such Person in accordance with GAAP.

“*Consolidated Tangible Assets*” shall mean at any date the assets of Viacom and its Subsidiaries determined on such date on a consolidated basis, less goodwill and other intangible assets.

“*Credit Event*” shall mean the making of any Loan or the issuance of any Letter of Credit hereunder (including the designation of a Designated Letter of Credit as a “*Letter of Credit*” hereunder). It is understood that conversions and continuations pursuant to Section 2.8 do not constitute “Credit Events”.

“*Debt Rating*” shall mean the rating applicable to Viacom’s senior, unsecured, non-credit-enhanced long-term indebtedness for borrowed money, as assigned by either Rating Agency.

“*Default*” shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

“*Designated Letters of Credit*” shall mean each letter of credit issued by an Issuing Lender that (a) is not a Letter of Credit hereunder at the time of its issuance and (b) is designated on or after the Closing Date by Viacom or any Subsidiary Borrower, with the consent of such Issuing Lender, as a “Letter of Credit” hereunder by written notice to the Administrative Agent in the form of Exhibit B-6.

“*Discontinued Operations*” shall mean the operations classified as “discontinued operations” pursuant to Accounting Principles Board Opinion No. 30 as presented in the quarterly report of CBS on Form 10-Q for the quarter ended September 30, 1997 and filed with the SEC on December 14, 1997.

“*Disposition*” shall mean, with respect to any Property, any sale, lease, assignment, conveyance, transfer or other disposition thereof; and the terms “*Dispose*” and “*Disposed of*” shall have correlative meanings.

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“*Dollars*” or “\$” shall mean lawful money of the United States of America.

“*Environmental Laws*” shall mean any and all Federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

“*ERISA*” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

“*ERISA Affiliate*” shall mean, with respect to Viacom, any trade or business (whether or not incorporated) that is a member of a group of which Viacom is a member and which is treated as a single employer under Section 414 of the Code.

“*Eurocurrency Competitive Loan*” shall mean any Competitive Loan which is a Eurocurrency Loan.

“*Eurocurrency Loan*” shall mean any Loan bearing interest at a rate determined by reference to the Eurocurrency Rate.

“*Eurocurrency Rate*” shall mean, with respect to an Interest Period (a) pertaining to any Eurocurrency Loan (except any Eurocurrency Loan denominated in Sterling), the rate of interest determined on the basis of the rate for deposits in Dollars or the relevant Foreign Currency, as the case may be, for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 (or, in the case of any Foreign Currency, the applicable page) of the Telerate Screen as of 11:00 a.m., London time, two Business Days prior to the beginning of such Interest Period and (b) pertaining to any Eurocurrency Loan denominated in Sterling, the rate of interest determined by the Administrative Agent to be the average of the rates quoted by the Reference Banks at approximately 11:00 a.m., London time (or as soon thereafter as practicable), on the day two Business Days prior to the first day of the Interest Period for such Loans for the offering by the Reference Banks to leading banks in the London interbank market of deposits in Sterling having a term comparable to such Interest Period and in an amount comparable to the principal amount of the respective Eurocurrency Loans of the Reference Banks to which such Interest Period relates. With respect to clause (a) of the preceding sentence, in the event that such rate does not appear on such page of the Telerate Screen (or otherwise on the Telerate Service), the “*Eurocurrency Rate*” shall instead be the interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the average of the rates at which deposits in Dollars or the relevant Foreign Currency, as the case may be, approximately equal in principal amount to (i) in the case of a Eurocurrency Tranche, the portion of such Eurocurrency Tranche of the Lender serving as Administrative Agent and (ii) in the case of a Eurocurrency Competitive Loan, a principal amount that would have been the portion of such Loan of the Lender serving as the Administrative Agent had such Loan been a

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Eurocurrency Revolving Credit Loan, and for a maturity comparable to such Interest Period, are offered by the principal London offices of the Reference Banks (or, if any Reference Bank does not at the time maintain a London office, the principal London office of any affiliate of such Reference Bank) for immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

“Eurocurrency Revolving Credit Loan” shall mean any Revolving Credit Loan which is a Eurocurrency Loan. Subject to the limitations contained herein, a Eurocurrency Revolving Credit Loan may be a Multi-Currency Revolving Loan.

“Eurocurrency Tranche” shall mean the collective reference to Eurocurrency Loans denominated in the same currency made by the Lenders, the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Eurocurrency Loans shall originally have been made on the same day).

“Euros” shall mean the single currency of participating member states of the European Monetary Union.

“Event of Default” shall have the meaning assigned to such term in Article VI; *provided* that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Excess Utilization Day” shall mean each day on which the Commitment Utilization Percentage exceeds 50%.

“Exchange Act Report” shall have the meaning assigned to such term in Section 3.3.

“Existing \$1.45 Billion Five-Year Credit Agreement” shall mean the \$1,450,000,000 Amended and Restated Five-Year Credit Agreement, dated as of May 3, 2000, as amended and restated as of March 7, 2001, and as amended by Amendment No. 1 thereto, dated as of February 28, 2003, among Viacom, Viacom International, the subsidiary borrowers parties thereto, the lenders named therein, JPMorgan Chase Bank (as successor to The Chase Manhattan Bank), as administrative agent, Fleet National Bank and Bank of America, N.A., as co-syndication agents, and Bank of New York, as documentation agent.

“Existing \$1.5 Billion Five-Year Credit Agreement” shall mean the Five-Year Credit Agreement, dated as of March 7, 2001, as amended by Amendment No. 1 thereto, dated as of March 5, 2002, Amendment No. 2 thereto, dated as of February 28, 2003, and Amendment No. 3 thereto, dated as of February 19, 2004, among Viacom, Viacom International, each subsidiary borrower party thereto, the lenders named therein, JPMorgan Chase Bank (as successor to The Chase Manhattan Bank), as administrative agent, Salomon Smith Barney Inc., as syndication agent, and Bank of America, N.A. and Fleet National Bank, as co-documentation agents, as the same may be further amended, supplemented, restated or otherwise modified from time to time.

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“Existing Credit Agreements” shall mean (a) the Existing \$1.45 Billion Five-Year Credit Agreement, and (b) the \$1,700,000,000 364-Day Credit Agreement, dated as of February 28, 2003, among Viacom, Viacom International, each subsidiary borrower party thereto, the lenders party thereto, JPMorgan Chase Bank, as administrative agent, Salomon Smith Barney Inc., as syndication agent, and Bank of America, N.A., Deutsche Bank Securities, Inc. and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as co-documentation agents.

“Facility Exposure” shall mean, with respect to any Lender, the sum of (a) the Outstanding Revolving Extensions of Credit of such Lender, (b) the aggregate outstanding principal amount of any Competitive Loans made by such Lender and (c) in the case of a Swingline Lender, the aggregate outstanding principal amount of any Quoted Swingline Loans made by such Swingline Lender.

“Facility Fees” shall mean all fees payable pursuant to Section 2.9(a).

“Federal Funds Effective Rate” shall have the meaning assigned to such term in the definition of “Alternate Base Rate”.

“Fees” shall mean the Facility Fees, the Administrative Agent’s Fees, the Issuing Lender Fees, the LC Fees and the Utilization Fees.

“Financial Covenant” shall mean the financial covenant contained in Section 5.7.

“Financial Letter of Credit” shall mean any Letter of Credit that, as determined by the Administrative Agent acting in good faith, (a) supports a financial obligation and (b) qualifies for the 100% credit conversion factor under the applicable Bank for International Settlements guidelines.

“Financial Officer” of any corporation shall mean its Chief Financial Officer, its Vice President and Treasurer or its Vice President and Chief Accounting Officer or, in each case, any comparable officer or any Person designated by any such officer.

“Five-Year Facility Exposure” shall mean on any day the sum of (i) the Total Revolving Facility Exposure (as defined in the Existing \$1.5 Billion Five-Year Credit Agreement), including the aggregate outstanding principal amount of Letters of Credit, Swingline Loans and Competitive Loans (as such terms are defined in the Existing \$1.5 Billion Five-Year Credit Agreement), *plus* (ii) the Total Canadian Facility Exposure (as defined in the Existing \$1.5 Billion Five-Year Credit Agreement), in each case under the Existing \$1.5 Billion Five-Year Credit Agreement on such day.

“Five-Year Facility Total Commitment” shall mean on any day the sum of the Total Revolving Commitment and the Total Canadian Commitment (as such terms are defined in the Existing \$1.5 Billion Five-Year Credit Agreement) (or, on any day after termination of the Commitments (as defined in the Existing \$1.5 Billion Five-Year Credit Agreement), the Total Revolving Commitment and the Total Canadian Commitment in effect immediately preceding such termination), in each case under the Existing \$1.5 Billion Five-Year Credit Agreement on such day.

“*Foreign Currency*” shall mean any currency (including, without limitation, any Multi-Currency, but excluding Dollars) which is readily transferable and readily convertible by the relevant Lender or Issuing Lender, as the case may be, into Dollars in the London interbank market.

“*Foreign Exchange Rate*” shall mean, with respect to any Foreign Currency on a particular date, the rate at which such Foreign Currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m., London time, on such date on the Reuters World Currency Page for such Foreign Currency. In the event that such rate does not, or ceases to, so appear on any Reuters World Currency Page, the “*Foreign Exchange Rate*” with respect to such Foreign Currency shall be determined by reference to such other publicly available source for determining exchange rates as may be agreed upon by the Administrative Agent and Viacom or, in the absence of such agreement, such “*Foreign Exchange Rate*” shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such Foreign Currency are then being conducted, at or about 11:00 a.m., local time, on such date for the purchase of Dollars with such Foreign Currency for delivery two Business Days later.

“*GAAP*” shall mean generally accepted accounting principles.

“*Governmental Authority*” shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

“*Granting Bank*” shall have the meaning specified in Section 9.4(i).

“*Guarantee*” of or by any Person shall mean any obligation, contingent or otherwise, of such Person guaranteeing or entered into with the purpose of guaranteeing any Indebtedness of any other Person (the “*primary obligor*”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase Property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; *provided, however*, that the term “*Guarantee*” shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

“*Indebtedness*” of any Person shall mean at any date, without duplication, (i) all obligations of such Person for borrowed money (including, without limitation, in the case of any Borrower, the obligations of such Borrower for borrowed money under this Agreement), (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of Property or services, except as provided below, (iv) all obligations of such Person as lessee under Capital Lease Obligations, (v) all Indebtedness of others secured by a Lien on any Property of such Person, whether or not such Indebtedness is assumed by such Person, (vi) all Indebtedness of others directly or indirectly guaranteed or otherwise assumed by such Person, including any obligations

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of others endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation, any Indebtedness in effect guaranteed by such Person through any agreement (contingent or otherwise) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation, or to maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation, *provided* that Indebtedness of Viacom and its Subsidiaries shall not include (a) guarantees in existence on the date hereof of Indebtedness of Discontinued Operations and (b) guarantees of Indebtedness that are identified on Schedule 1.1(a) hereto, (vii) all obligations of such Person as issuer, customer or account party under letters of credit or bankers’ acceptances that are either drawn or that back financial obligations that would otherwise be Indebtedness; *provided, however*, that in each of the foregoing clauses (i) through (vii), Indebtedness shall not include obligations (other than under this Agreement) specifically with respect to the production, distribution and acquisition of motion pictures or other programming rights, talent or publishing rights.

“*Indemnified Person*” shall have the meaning assigned to such term in Section 9.5(b).

“*Interest Payment Date*” shall mean (a) with respect to any Eurocurrency Loan or Absolute Rate Loan, the last day of the Interest Period applicable thereto and, in the case of a Eurocurrency Loan with an Interest Period of more than three months’ duration or an Absolute Rate Loan with an Interest Period of more than 90 days’ duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months’ duration or 90 days’ duration, as the case may be, been applicable to such Loan and, in addition, the date of any conversion of any Eurocurrency Revolving Credit Loan to an ABR Loan, the date of repayment or prepayment of any Eurocurrency Loan and the applicable Maturity Date; (b) with respect to any ABR Loan (other than an ABR Swingline Loan which is not an Unrefunded Swingline Loan), the last day of each March, June, September and December and the applicable Maturity Date; (c) with respect to any ABR Swingline Loan (other than an Unrefunded Swingline Loan), the earlier of (i) the day that is five Business Days after such Loan is made and (ii) the Revolving Credit Maturity Date and (d) with respect to any Quoted Swingline Loan, the date established as such by the relevant Swingline Borrower and the relevant Swingline Lender prior to the making thereof (but in any event no later than the Revolving Credit Maturity Date).

“*Interest Period*” shall mean (a) as to any Eurocurrency Loan, the period commencing on the borrowing date or conversion date of such Loan, or on the last day of the immediately preceding Interest Period applicable to such Loan, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 7 days (subject to the prior consent of each Lender) or 1, 2, 3 or 6 months or (subject to the prior consent of each Lender) 9 or 12 months thereafter, as the relevant Borrower may elect, and (b) as to any Absolute Rate Loan, the period commencing on the date of such Loan and ending on the date specified in the Competitive Bids in which the offer to make such Absolute Rate Loan was extended; *provided, however*, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of Eurocurrency Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest

Period shall end on the next preceding Business Day and (ii) notwithstanding anything to the contrary herein, no Borrower may select an Interest Period which would end after the Maturity Date applicable to the relevant Loan. Interest shall accrue from and including that first day of an Interest Period to but excluding the last day of such Interest Period.

“*Issuing Lender*” shall mean any Lender designated as an Issuing Lender in an Issuing Lender Agreement executed by such Lender, Viacom and the Administrative Agent; *provided*, that the Issuing Lender may, in its discretion, arrange for one or more Letters of Credit to be issued by any of its Lender Affiliates (in which case the term “*Issuing Lender*” shall include such Lender Affiliate with respect to Letters of Credit issued by such Lender Affiliate); *provided, further*, with respect to any Designated Letter of Credit, the term “*Issuing Lender*” shall include the Lender or Lender Affiliate of such Lender which issued such Designated Letter of Credit.

“*Issuing Lender Agreement*” shall mean an agreement, substantially in the form of Exhibit F, executed by a Lender, Viacom and the Administrative Agent pursuant to which such Lender agrees to become an Issuing Lender hereunder.

“*Issuing Lender Fees*” shall mean, as to any Issuing Lender, the fees set forth in the applicable Issuing Lender Agreement.

“*Joint Lead Arrangers*” shall mean JPMorgan Securities Inc., a New York corporation, and Citigroup Global Markets Inc., a New York corporation.

“*JPMorgan Chase*” shall have the meaning assigned to such term in the preamble to this Agreement.

“*LC Disbursement*” shall mean any payment or disbursement made by an Issuing Lender under or pursuant to a Letter of Credit.

“*LC Exposure*” shall mean, as to each Lender, such Lender’s Revolving Credit Percentage of the Aggregate LC Exposure.

“*LC Fee*” shall have the meaning assigned to such term in Section 2.9(b).

“*Lender Affiliate*” shall mean, (a) with respect to any Lender, (i) an affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an affiliate of such investment advisor.

“*Lenders*” shall have the meaning assigned to such term in the preamble to this Agreement.

“*Letters of Credit*” shall mean letters of credit or bank guarantees issued by an Issuing Lender for the account of Viacom or any Subsidiary Borrower pursuant to Section 2.7 (including any Designated Letters of Credit).

“*Lien*” shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), security interest or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement.

“*Loan*” shall mean any loan made by a Lender hereunder.

“*Loan Documents*” shall mean this Agreement and the Administrative Agent Fee Letter.

“*Losses*” shall have the meaning assigned to such term in Section 9.5(b).

“*Margin*” shall mean, as to any Eurocurrency Competitive Loan, the margin (expressed as a percentage rate per annum in the form of a decimal rounded to no more than four places) to be added to or subtracted from the Eurocurrency Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

“*Material Acquisition*” shall mean any acquisition of Property or series of related acquisitions of Property (including by way of merger) which (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by Viacom and its Subsidiaries (valued at the initial principal amount thereof in the case of non-cash consideration consisting of notes or other debt securities and valued at fair market value in the case of other non-cash consideration) in excess of \$100,000,000.

“*Material Adverse Effect*” shall mean (a) a material adverse effect on the Property, business, results of operations or financial condition of Viacom and its Subsidiaries taken as a whole or (b) material impairment of the ability of Viacom to perform any of its obligations under this Agreement, excluding any effects which may result from non-cash charges arising from SFAS No. 142 and/or SFAS No. 144, as applicable, issued by the Financial Accounting Standards Board.

“*Material Disposition*” shall mean any Disposition of Property or series of related Dispositions of Property which yields gross proceeds to Viacom or any of its Subsidiaries (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) in excess of \$100,000,000.

“*Material Subsidiary*” shall mean any “significant subsidiary” of Viacom as defined in Regulation S-X of the SEC; *provided*, that each Subsidiary Borrower shall in any event constitute a Material Subsidiary.

“*Maturity Date*” shall mean (a) in the case of the Revolving Credit Loans and the ABR Swingline Loans, the Revolving Credit Maturity Date, (b) in the case of the Quoted

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Swingline Loans, the date established as such by the relevant Swingline Borrower and the relevant Swingline Lender prior to the making thereof (but in any event no later than the Revolving Credit Maturity Date) and (c) in the case of Competitive Loans, the last day of the Interest Period applicable thereto, as specified in the related Competitive Bid Request.

“*Moody’s*” shall mean Moody’s Investors Service, Inc. or any successor thereto.

“*Multi-Currency*” shall mean Euros, Sterling and Yen.

“*Multi-Currency Revolving Loans*” shall mean each Eurocurrency Revolving Credit Loan denominated in any Multi-Currency.

“*Multi-Currency Sublimit*” shall mean with respect to (i) Euros, \$500,000,000, (ii) Sterling, \$500,000,000 and (iii) Yen, \$300,000,000, as the sublimit may be decreased from time to time in accordance with Section 2.13.

“*Multiemployer Plan*” shall mean a multiemployer plan as defined in Section 3(37) of ERISA to which contributions have been made by Viacom or any ERISA Affiliate of Viacom and which is covered by Title IV of ERISA.

“*Non-Consenting Lender*” shall have the meaning assigned to such term in Section 2.21(b).

“*Non-Financial Letter of Credit*” shall mean any Letter of Credit that is not a Financial Letter of Credit.

“*Non-U.S. Person*” shall have the meaning assigned to such term in Section 2.20(f).

“*Other Taxes*” shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

“*Outstanding Revolving Extensions of Credit*” shall mean, as to any Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Credit Loans made by such Lender then outstanding, (b) such Lender’s LC Exposure at such time and (c) such Lender’s ABR Swingline Exposure at such time.

“*PBGC*” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA, or any successor thereto.

“*Person*” shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or other entity, or any government or any agency or political subdivision thereof.

“*Plan*” shall mean any employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or

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Section 412 of the Code and which is maintained for employees of Viacom or any ERISA Affiliate.

“*Prime Rate*” shall have the meaning assigned to such term in the definition of “Alternate Base Rate”.

“*Pro Forma Period*” shall have the meaning assigned to such term in Section 1.2(c).

“*Property*” shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including, without limitation, Capital Stock.

“*Quoted Swingline Loans*” shall have the meaning assigned to such term in Section 2.6(a).

“*Quoted Swingline Rate*” shall have the meaning assigned to such term in Section 2.6(a).

“*Rating Agencies*” shall mean S&P and Moody’s.

“*Reference Banks*” shall mean JPMorgan Chase, Citibank N.A. and Bank of America, N.A.

“*Register*” shall have the meaning assigned to such term in Section 9.4(d).

“*Regulation D*” shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“*Regulation U*” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“*Required Lenders*” shall mean, at any time, Lenders whose respective Total Facility Percentages aggregate more than 50%.

“*Responsible Officer*” of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement (or, in the case of matters relating to ERISA, any officer responsible for the administration of the pension funds of such corporation).

“*Revolving Credit Borrowing Request*” shall mean a request made pursuant to Section 2.4 in the form of Exhibit B-4.

“*Revolving Credit Loans*” shall mean the revolving loans made by the Lenders to any Borrower pursuant to Section 2.4. Each Revolving Credit Loan shall be a Eurocurrency Loan or an ABR Loan.

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“*Revolving Credit Maturity Date*” shall mean February 19, 2009.

“*Revolving Credit Percentage*” of any Lender at any time shall mean the percentage of the aggregate Commitments (or, following any termination of all the Commitments, the Commitments most recently in effect) represented by such Lender’s Commitment (or, following any such termination, the Commitment of such Lender most recently in effect).

“*S&P*” shall mean Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

“*SEC*” shall mean the Securities and Exchange Commission.

“*Sole Bookrunner*” shall mean JPMorgan Securities Inc., a New York corporation.

“*SPC*” shall have the meaning specified in Section 9.4(i).

“*Specified Currency Availability*” shall mean the Multi-Currency Sublimit with respect to the relevant Multi-Currency less the Dollar equivalent of the aggregate principal amount of all Multi-Currency Revolving Loans denominated in such Multi-Currency outstanding on the date of borrowing.

“*Spot Rate*” shall mean, at any date, the Administrative Agent’s or applicable Lender’s, as the case may be (or, for purposes of determinations in respect of the Aggregate LC Exposure related to Letters of Credit issued in a Foreign Currency, the Issuing Lender’s or Issuing Lenders’, as the case may be), spot buying rate for the relevant Foreign Currency against Dollars as of approximately 11:00 a.m. (London time) on such date for settlement on the second Business Day.

“*Sterling*” shall mean British Pounds Sterling, the lawful currency of the United Kingdom on the date hereof.

“*Subsidiary*” shall mean, for any Person (the “*Parent*”), any corporation, partnership or other entity of which shares of Voting Capital Stock sufficient to elect a majority of the board of directors or other Persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) are at the time directly or indirectly owned or controlled by the Parent or one or more of its Subsidiaries or by the Parent and one or more of its Subsidiaries. Unless otherwise qualified, all references to a “*Subsidiary*” or to “*Subsidiaries*” in this Agreement shall refer to a Subsidiary or Subsidiaries of Viacom.

“*Subsidiary Borrower*” shall mean any Subsidiary of Viacom (a) which is designated as a Subsidiary Borrower by Viacom pursuant to a Subsidiary Borrower Designation, (b) which has delivered to the Administrative Agent a Subsidiary Borrower Request and (c) whose designation as a Subsidiary Borrower has not been terminated pursuant to Section 4.2.

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No Subsidiary of Viacom incorporated in Canada or any province or territory thereof may be a Subsidiary Borrower hereunder.

“*Subsidiary Borrower Designation*” shall mean a designation, substantially in the form of Exhibit B-7, which may be delivered by Viacom and approved by Viacom and shall be accompanied by a Subsidiary Borrower Request.

“*Subsidiary Borrower Obligations*” shall mean, with respect to each Subsidiary Borrower, the unpaid principal of and interest on the Loans made to such Subsidiary Borrower (including, without limitation, interest accruing after the maturity of the Loans made to such Subsidiary Borrower and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to such Subsidiary Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) and all other obligations and liabilities of such Subsidiary Borrower to the Administrative Agent or to any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement.

“*Subsidiary Borrower Request*” shall mean a request, substantially in the form of Exhibit B-8, which is received by the Administrative Agent in connection with a Subsidiary Borrower Designation.

“*Swingline Borrower*” shall mean Viacom and any Subsidiary Borrower designated as a “Swingline Borrower” by Viacom in a written notice to the Administrative Agent; *provided*, that, unless otherwise agreed by the Administrative Agent, no more than one Subsidiary Borrower may be a Swingline Borrower at any one time. Only a Subsidiary Borrower which is a U.S. Person may be a Swingline Borrower.

“*Swingline Commitment*” shall mean, (i) with respect to any Swingline Lender, the Commitment of such Lender to make ABR Swingline Loans pursuant to Section 2.6, as designated in accordance with Section 2.6(g) and as set forth on Schedule 1.1, and (ii) in the aggregate, \$300,000,000.

“*Swingline Lender*” shall mean any Lender designated from time to time by Viacom, and approved by such Lender, as a “Swingline Lender” pursuant to Section 2.6(g).

“*Swingline Loans*” shall mean the collective reference to the ABR Swingline Loans and the Quoted Swingline Loans.

“*Swingline Percentage*” of any Swingline Lender at any time shall mean the percentage of the aggregate Swingline Commitments represented by such Swingline Lender’s Swingline Commitment.

“*Syndication Agent*” shall have the meaning assigned to such term in the preamble hereto.

“*Test Period*” shall have the meaning assigned to such term in Section 1.2(c).

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“*Total Commitment*” shall mean at any time the aggregate amount of the Commitments in effect at such time.

“*Total Facility Exposure*” shall mean at any time the aggregate amount of the Facility Exposures at such time.

“*Total Facility Percentage*” shall mean, as to any Lender at any time, the quotient (expressed as a percentage) of (a) such Lender’s Commitment (or (x) for the purposes of acceleration of the Loans pursuant to clause (II) of Article VI or (y) if the Commitments have terminated, such Lender’s Facility Exposure) and (b) the aggregate of all Lenders’ Commitments (or (x) for the purposes of acceleration of the Loans pursuant to clause (II) of Article VI or (y) if the Commitments have terminated, the Total Facility Exposure).

“*Total Multi-Currency Sublimit*” shall mean \$1,000,000,000, as such sublimit may be decreased from time to time in accordance with Section 2.13.

“*Total Specified Currency Availability*” shall mean with respect to Multi-Currency Revolving Loans, \$1,000,000,000 (as decreased from time to time pursuant to Section 2.13) less the Dollar equivalent of the aggregate principal amount of all Multi-Currency Revolving Loans then outstanding.

“*Transferee*” shall mean any assignee or participant described in Section 9.4(b) or (f).

“*Type*” when used in respect of any Loan, shall refer to the Rate by reference to which interest on such Loan is determined. For purposes hereof, “*Rate*” shall mean the Eurocurrency Rate, the Alternate Base Rate, the Quoted Swingline Rate and the rate paid on Absolute Rate Loans.

“*Unrefunded Swingline Loans*” shall have the meaning assigned to such term in Section 2.6(d).

“*U.S. Person*” shall mean a citizen, national or resident of the United States of America, or an entity organized in or under the laws of the United States of America.

“*Utilization Fee*” shall have the meaning assigned to such term in Section 2.9(e).

“*Viacom*” shall have the meaning assigned to such term in the preamble to this Agreement.

“*Viacom International*” shall have the meaning assigned to such term in the preamble to this Agreement.

“*Viacom Obligations*” shall mean, with respect to Viacom, the unpaid principal of and interest on the Loans made to Viacom (including, without limitation, interest accruing after the maturity of the Loans made to Viacom and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to Viacom, whether or not a claim for post-filing or post-petition interest is allowed in such

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proceeding) and all other obligations, including its Guarantee obligations hereunder, and liabilities of Viacom to the Administrative Agent or to any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement.

“*Voting Capital Stock*” shall mean securities or other ownership interests of a corporation, partnership or other entity having by the terms thereof ordinary voting power to vote in the election of the board of directors or other Persons performing similar functions of such corporation, partnership or other entity (without regard to the occurrence of any contingency).

“*Wholly Owned Subsidiary*” shall mean any Subsidiary of which all shares of Voting Capital Stock (other than, in the case of a corporation, directors’ qualifying shares) are owned directly or indirectly by the Parent (as defined in the definition of “*Subsidiary*”).

“*Yen*” shall mean the lawful currency of Japan.

SECTION 1.2. *Terms Generally.* (a) The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “*include*”, “*includes*” and “*including*” shall, except where the context otherwise requires, be deemed to be followed by the phrase “*without limitation*”. All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require.

(b) Except as otherwise expressly provided herein, all terms of an accounting nature shall be construed in accordance with GAAP in effect from time to time. The parties hereto agree, however, that in the event that any change in accounting principles from those used in the preparation of the financial statements referred to in Section 3.2 is, after March 7, 2001, occasioned by the promulgation of rules, regulations, pronouncements, opinions and statements by or required by the Financial Accounting Standards Board or Accounting Principles Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions) and such change materially affects the calculation of any component of the Financial Covenant or any standard or term contained in this Agreement, the Administrative Agent and Viacom shall negotiate in good faith to amend such Financial Covenant, standards or terms found in this Agreement (other than in respect of financial statements to be delivered hereunder) so that, upon adoption of such changes, the criteria for evaluation of Viacom’s and its Subsidiaries’ financial condition shall be the same after such change as if such change had not been made; *provided, however*, that (i) any such amendments shall not become effective for purposes of this Agreement unless approved by the Required Lenders and (ii) if Viacom and the Required Lenders cannot agree on such an amendment, then the calculations under such Financial Covenant, standards or terms shall continue to be computed without giving effect to such change in accounting principles; *provided further, however*, that the parties hereto agree that Viacom and its Subsidiaries have adopted Statement of Position 00-2, “Accounting by Producers or Distributors of Films” effective as from January 1, 2000; Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets” effective as from January 1, 2002; SFAS No. 143, “Accounting for Asset Retirement Obligations” effective as from January 1, 2003; SFAS No. 144, “Accounting for the Impairment or Disposal of Long-

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Lived Assets” effective as from January 1, 2002; and SFAS No. 145, “Rescission of FASB Statements No. 4, 44 and 64, Amendments to FASB Statement No. 13 and Technical Corrections” effective as from January 1, 2003.

(c) For the purposes of calculating Consolidated EBITDA and Consolidated Interest Expense for any period (a “*Test Period*”), (i) if at any time from the period (a “*Pro Forma Period*”) commencing on the second day of such Test Period and ending on the date which is ten days prior to the date of delivery of the Compliance Certificate in respect of such Test Period (or, in the case of any *pro forma* calculation made pursuant hereto in respect of a particular transaction, ending on the date such transaction is consummated after giving effect thereto), Viacom or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDA for such Test Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the Property which is the subject of such Material Disposition for such Test Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Test Period, and Consolidated Interest Expense for such Test Period shall be reduced by an amount equal to the Consolidated Interest Expense for such Test Period attributable to any Indebtedness of Viacom or any Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to Viacom and its Subsidiaries in connection with such Material Disposition (or, if the Capital Stock of any Subsidiary is sold, the Consolidated Interest Expense for such Test Period directly attributable to the Indebtedness of such Subsidiary to the extent Viacom and its continuing Subsidiaries are no longer liable for such Indebtedness after such Disposition); (ii) if during such Pro Forma Period Viacom or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDA and Consolidated Interest Expense for such Test Period shall be calculated after giving *pro forma* effect thereto (including the incurrence or assumption of any Indebtedness in connection therewith) as if such Material Acquisition (and the incurrence or assumption of any such Indebtedness) occurred on the first day of such Test Period; and (iii) if during such Pro Forma Period any Person that subsequently became a Subsidiary or was merged with or into Viacom or any Subsidiary since the beginning of such Pro Forma Period shall have entered into any disposition or acquisition transaction that would have required an adjustment pursuant to clause (i) or (ii) above if made by Viacom or a Subsidiary during such Pro Forma Period, Consolidated EBITDA and Consolidated Interest Expense for such Test Period shall be calculated after giving *pro forma* effect thereto as if such transaction occurred on the first day of such Test Period. For the purposes of this paragraph, whenever *pro forma* effect is to be given to a Material Disposition or Material Acquisition, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness discharged or incurred in connection therewith, the *pro forma* calculations shall be determined in good faith by a Financial Officer of Viacom. If any Indebtedness bears a floating rate of interest and the incurrence or assumption thereof is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the last day of the relevant Pro Forma Period had been the applicable rate for the entire relevant Test Period (taking into account any interest rate protection agreement applicable to such Indebtedness if such interest rate protection agreement has a remaining term in excess of 12 months). Comparable adjustments shall be made in connection with any determination of Consolidated EBITDA.

(d) For purposes of the Financial Covenant, (i) the Discontinued Operations shall be disregarded and (ii) the businesses classified as Discontinued Operations shall be limited

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to those businesses treated as such in the financial statements of Viacom referred to in the definition of “Discontinued Operations” and the accounting treatment of Discontinued Operations shall be consistent with the accounting treatment thereof in such financial statements.

THE CREDITS

SECTION 2.1. *Commitments.* Subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make Revolving Credit Loans to Viacom or any Subsidiary Borrower, at any time and from time to time on and after the Closing Date and until the earlier of (a) the Business Day immediately preceding the Revolving Credit Maturity Date and (b) the termination of the Commitment of such Lender, in an aggregate principal amount at any time outstanding not to exceed such Lender's Commitment. Each Borrower may borrow, prepay and reborrow Revolving Credit Loans on and after the Closing Date and prior to the Revolving Credit Maturity Date, subject to the terms, conditions and limitations set forth herein.

SECTION 2.2. *Revolving Credit Loans; Competitive Loans.* (a) Each Revolving Credit Loan shall be made to the relevant Borrower by the Lenders ratably in accordance with their respective Commitments, in accordance with the procedures set forth in Section 2.4. Each Competitive Loan shall be made to the relevant Borrower by the Lender whose Competitive Bid therefor is accepted, and in the amount so accepted, in accordance with the procedures set forth in Section 2.3. The Revolving Credit Loans or Competitive Loans shall be made in minimum amounts equal to (i) in the case of Competitive Loans, \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, (ii) in the case of Eurocurrency Revolving Credit Loans denominated in Dollars, \$50,000,000 or an integral multiple of \$5,000,000 in excess thereof, (iii) in the case of Multi-Currency Revolving Loans, the Dollar equivalent of \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof and (iv) in the case of ABR Revolving Credit Loans, \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof (or (A) in the case of Revolving Credit Loans, an aggregate principal amount equal to the remaining balance of the available Total Commitment or, if less, (B) with respect to Multi-Currency Revolving Loans, the lesser of (1) the Specified Currency Availability with respect to such currency and (2) the Total Specified Currency Availability).

(b) Each Lender shall make each Loan (other than a Swingline Loan, as to which this Section 2.2 shall not apply, and a Multi-Currency Revolving Loan) to be made by it on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 12:00 noon, New York City time (or, in connection with an ABR Loan to be made on the same day on which a notice is submitted, 12:30 p.m., New York City time) and the Administrative Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the general deposit account of the relevant Borrower with the Administrative Agent. Each Lender shall make each Multi-Currency Revolving Loan to be made by it on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent at its offices at J.P. Morgan Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom, not later than (i) in the case of any Multi-Currency Revolving Loan denominated in Euros or Sterling, 3:00 p.m., London time, or (ii) in the case of

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any Multi-Currency Revolving Loan denominated in Yen, 3:00 p.m., Tokyo time, and the Administrative Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the general deposit account of the relevant Borrower with the Administrative Agent.

SECTION 2.3. *Competitive Bid Procedure.* (a) In order to request Competitive Bids, the relevant Borrower shall hand deliver or telecopy to the Administrative Agent a duly completed Competitive Bid Request in the form of Exhibit B-1, to be received by the Administrative Agent (i) in the case of a Eurocurrency Competitive Loan in Dollars, not later than 10:00 a.m., New York City time, four Business Days before a proposed Competitive Loan, (ii) in the case of a Eurocurrency Competitive Loan in a Foreign Currency, not later than 10:00 a.m., New York City time, five Business Days before a proposed Competitive Loan, (iii) in the case of an Absolute Rate Loan in Dollars, not later than 10:00 a.m., New York City time, one Business Day before a proposed Competitive Loan and (iv) in the case of an Absolute Rate Loan in a Foreign Currency, not later than 10:00 a.m., New York City time, three Business Days before a proposed Competitive Loan. A Competitive Bid Request (A) that does not conform substantially to the format of Exhibit B-1 may be rejected in the Administrative Agent's discretion (exercised in good faith), and (B) for a Competitive Loan denominated in a Foreign Currency will be rejected by the Administrative Agent if, after giving effect thereto, the Dollar equivalent of the aggregate face amount of all Competitive Loans denominated in Foreign Currencies then outstanding would exceed \$150,000,000, as determined by the Administrative Agent, and, in each case, the Administrative Agent shall promptly notify the relevant Borrower of such rejection by telephone, confirmed by telecopier. Such request shall in each case refer to this Agreement and specify (w) whether the Competitive Loan then being requested is to be a Eurocurrency Competitive Loan or an Absolute Rate Loan, (x) the currency, (y) the date of such Loan (which shall be a Business Day) and the aggregate principal amount thereof which shall be in a minimum principal amount of the equivalent of \$5,000,000 and, in the case of a Competitive Bid for a Competitive Loan in Dollars, in an integral multiple of \$1,000,000, and (z) the Interest Period with respect thereto (which may not end after the Revolving Credit Maturity Date). Promptly after its receipt of a Competitive Bid Request that is not rejected as aforesaid (and in any event by 5:00 p.m., New York City time, on the date of such receipt if such receipt occurs by the time specified in the first sentence of this paragraph), the Administrative Agent shall invite by telecopier (in the form set forth in Exhibit B-2) the Lenders to bid, on the terms and conditions of this Agreement, to make Competitive Loans pursuant to such Competitive Bid Request.

(b) Each Lender may, in its sole discretion, make one or more Competitive Bids to the relevant Borrower responsive to a Competitive Bid Request. Each Competitive Bid must be received by the Administrative Agent by telecopier, in the form of Exhibit B-3, (i) in the case of a Eurocurrency Competitive Loan in Dollars, not later than 9:30 a.m., New York City time, three Business Days before a proposed Competitive Loan, (ii) in the case of a Eurocurrency Competitive Loan in a Foreign Currency, not later than 9:30 a.m., New York City time, four Business Days before a proposed Competitive Loan, (iii) in the case of an Absolute Rate Loan in Dollars, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Loan, and (iv) in the case of an Absolute Rate Loan in a Foreign Currency, not later than 9:30 a.m., New York City time, two Business Days before a proposed Competitive Loan. Multiple Competitive Bids will be accepted by the Administrative Agent. Competitive Bids that do not conform substantially to the format of Exhibit B-3 may be rejected by the Administrative Agent

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after conferring with, and upon the instruction of, the relevant Borrower, and the Administrative Agent shall notify the Lender making such nonconforming Competitive Bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and specify (x) the principal amount in the

relevant currency (which shall be in a minimum principal amount of the equivalent of \$5,000,000 and, in the case of a Competitive Bid for a Competitive Loan in Dollars, in an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Loan requested by the relevant Borrower) of the Competitive Loan or Loans that the applicable Lender is willing to make to the relevant Borrower, (y) the Competitive Bid Rate or Rates at which such Lender is prepared to make the Competitive Loan or Loans and (z) the Interest Period and the last day thereof. A Competitive Bid submitted pursuant to this paragraph (b) shall be irrevocable (subject to the satisfaction of the conditions to borrowing set forth in Article IV).

(c) The Administrative Agent shall promptly (and in any event by 10:15 a.m., New York City time, on the date on which such Competitive Bids shall have been made) notify the relevant Borrower by telecopier of all the Competitive Bids made, the Competitive Bid Rate and the principal amount in the relevant currency of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each Competitive Bid. The Administrative Agent shall send a copy of all Competitive Bids to the relevant Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.3.

(d) The relevant Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The relevant Borrower shall notify the Administrative Agent by telephone, confirmed by telecopier in such form as may be agreed upon by such Borrower and the Administrative Agent, whether and to what extent it has decided to accept or reject any of or all the Competitive Bids referred to in paragraph (c) above, (i) in the case of a Eurocurrency Competitive Loan in Dollars, not later than 11:00 a.m., New York City time, three Business Days before a proposed Competitive Loan, (ii) in the case of a Eurocurrency Competitive Loan in a Foreign Currency, not later than 11:00 a.m., New York City time, four Business Days before a proposed Competitive Loan, (iii) in the case of an Absolute Rate Loan in Dollars, not later than 11:00 a.m., New York City time, on the day of a proposed Competitive Loan, and (iv) in the case of an Absolute Rate Loan in a Foreign Currency, not later than 11:00 a.m., New York City time, on the Business Day before a proposed Competitive Loan; *provided, however*, that (A) the failure by such Borrower to give such notice shall be deemed to be a rejection of all the Competitive Bids referred to in paragraph (c) above, (B) such Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if it has decided to reject a Competitive Bid made at a lower Competitive Bid Rate, (C) the aggregate amount of the Competitive Bids accepted by such Borrower shall not exceed the principal amount specified in the Competitive Bid Request (but may be less than that requested), (D) if such Borrower shall accept a Competitive Bid or Competitive Bids made at a particular Competitive Bid Rate but the amount of such Competitive Bid or Competitive Bids shall cause the total amount of Competitive Bids to be accepted by it to exceed the amount specified in the Competitive Bid Request, then such Borrower shall accept a portion of such Competitive Bid or Competitive Bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which

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acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made *pro rata* in accordance with the amount of each such Competitive Bid at such Competitive Bid Rate, and (E) except pursuant to clause (D) above no Competitive Bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of the equivalent of \$5,000,000 and, in the case of a Competitive Bid for a Competitive Loan in Dollars, an integral multiple of \$1,000,000; *provided, further, however*, that if a Competitive Loan must be in an amount less than the equivalent of \$5,000,000 because of the provisions of clause (D) above, such Competitive Loan may be for a minimum of, in the case of a Competitive Bid for a Competitive Loan in Dollars, \$1,000,000 or any integral multiple thereof, and in calculating the *pro rata* allocation of acceptances of portions of multiple Competitive Bids at a particular Competitive Bid Rate pursuant to clause (D) above the amounts shall be rounded to integral multiples of the equivalent of \$1,000,000 (or, in the case of a Competitive Bid for a Competitive Loan in a Foreign Currency, a multiple selected by the Administrative Agent) in a manner which shall be in the discretion of such Borrower. A notice given by any Borrower pursuant to this paragraph (d) shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by telecopy sent by the Administrative Agent, and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its Competitive Bid has been accepted.

(f) On the date the Competitive Loan is to be made, each Lender participating therein shall (i) if such Competitive Loan is to be made in Dollars, make available its share of such Competitive Loan in Dollars not later than 2:00 p.m. New York City time, in immediately available funds, in New York to the Administrative Agent as notified by the Administrative Agent by two Business Days notice and (ii) if such Competitive Loan is to be made in a Foreign Currency, make available its share of such Competitive Loan in such Foreign Currency not later than 11:00 a.m. London time, in immediately available funds, in London to the Administrative Agent as notified by the Administrative Agent by one Business Day's notice.

(g) If the Lender which is the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such Competitive Bid directly to the relevant Borrower at least one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their Competitive Bids to the Administrative Agent pursuant to paragraph (b) above.

(h) All notices required by this Section 2.3 shall be given in accordance with Section 9.1.

(i) No Borrower shall have the right to prepay any Competitive Loan without the consent of the Lender or Lenders making such Competitive Loan.

SECTION 2.4. *Revolving Credit Borrowing Procedure.* In order to request a Revolving Credit Loan, the relevant Borrower shall hand deliver or telecopy to the Administrative Agent a Revolving Credit Borrowing Request in the form of Exhibit B-4 (a) in the case of a Eurocurrency Revolving Credit Loan denominated in Dollars, not later than 11:00

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a.m., New York City time, three Business Days before a proposed borrowing, (b) in the case of a Multi-Currency Revolving Loan, 8:00 a.m., New York City time, three Business Days before a proposed borrowing and (c) in the case of an ABR Revolving Credit Loan, not later than 11:00 a.m., New York City time, on the day of a proposed borrowing. Such notice shall be irrevocable and shall in each case specify (i) whether the Revolving Credit Loan then being

requested is to be a Eurocurrency Revolving Credit Loan or an ABR Revolving Credit Loan, (ii) the date of such Revolving Credit Loan (which shall be a Business Day) and the amount thereof; (iii) in the case of a Eurocurrency Revolving Credit Loan, the Interest Period with respect thereto; and (iv) in the case of a Multi-Currency Revolving Loan, the currency in which such Loan shall be denominated. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.4 and of each Lender's portion of the requested Loan.

SECTION 2.5. *Repayment of Loans.* Each Borrower shall repay all outstanding Revolving Credit Loans and ABR Swingline Loans made to it, in each case on the Revolving Credit Maturity Date (or such earlier date on which the Commitments shall terminate in accordance herewith). Each Borrower shall repay Quoted Swingline Loans and Competitive Loans made to it, in each case on the Maturity Date applicable thereto. Each Loan shall bear interest from and including the date thereof on the outstanding principal balance thereof as set forth in Section 2.10.

SECTION 2.6. *Swingline Loans.* (a) Subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, each Swingline Lender agrees, severally and not jointly, at any time and from time to time on and after the Closing Date and until the earlier of the Business Day immediately preceding the Revolving Credit Maturity Date and the termination of the Swingline Commitment of such Swingline Lender, (i) to make available to any Swingline Borrower Swingline Loans ("*Quoted Swingline Loans*") on the basis of quoted interest rates (each, a "*Quoted Swingline Rate*") furnished by such Swingline Lender from time to time in its discretion to such Swingline Borrower (through the Administrative Agent) and accepted by such Swingline Borrower in its discretion and (ii) to make Swingline Loans ("*ABR Swingline Loans*") to any Swingline Borrower bearing interest at a rate equal to the Alternate Base Rate in an aggregate principal amount (in the case of this clause (ii)) not to exceed such Swingline Lender's Swingline Commitment; *provided*, that after giving effect to each Swingline Loan, the Total Facility Exposure shall not exceed the Total Commitment then in effect. The aggregate outstanding principal amount of the Quoted Swingline Loans of any Swingline Lender, when added to the aggregate outstanding principal amount of the ABR Swingline Loans of such Swingline Lender, may exceed such Swingline Lender's Swingline Commitment; *provided*, that in no event shall the aggregate outstanding principal amount of the Swingline Loans exceed the aggregate Swingline Commitments then in effect. Each Quoted Swingline Loan shall be made only by the Swingline Lender furnishing the relevant Quoted Swingline Rate. Each ABR Swingline Loan shall be made by the Swingline Lenders ratably in accordance with their respective Swingline Percentages. The Swingline Loans shall be made in a minimum aggregate principal amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof (or an aggregate principal amount equal to the remaining balance of the available Swingline Commitments). Each Swingline Lender shall make the portion of each Swingline Loan to be made by it available to any Swingline Borrower by means of a credit to the general deposit account of such Swingline Borrower with the Administrative Agent or a wire transfer, at the expense of such Swingline Borrower, to an

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account designated in writing by such Swingline Borrower, in each case by 3:30 p.m., New York City time, on the date such Swingline Loan is requested to be made pursuant to paragraph (b) below, in immediately available funds. Each Swingline Borrower may borrow, prepay and reborrow Swingline Loans on or after the Closing Date and prior to the Revolving Credit Maturity Date (or such earlier date on which the Commitments shall terminate in accordance herewith) on the terms and subject to the conditions and limitations set forth herein.

(b) The relevant Swingline Borrower shall give the Administrative Agent telephonic, written or telecopy notice substantially in the form of Exhibit B-5 (in the case of telephonic notice, such notice shall be promptly confirmed by telecopy) no later than 2:30 p.m., New York City time (or, in the case of a proposed Quoted Swingline Loan, 12:00 noon, New York City time), on the day of a proposed Swingline Loan. Such notice shall be delivered on a Business Day, shall be irrevocable (subject, in the case of Quoted Swingline Loans, to receipt by the relevant Swingline Borrower of Quoted Swingline Rates acceptable to it) and shall refer to this Agreement and shall specify the requested date (which shall be a Business Day) and amount of such Swingline Loan. The Administrative Agent shall promptly advise the Swingline Lenders of any notice received from any Swingline Borrower pursuant to this paragraph (b). In the event that a Swingline Borrower accepts a Quoted Swingline Rate in respect of a proposed Quoted Swingline Loan, it shall notify the Administrative Agent (which shall in turn notify the relevant Swingline Lender) of such acceptance no later than 2:30 p.m., New York City time, on the relevant borrowing date.

(c) In the event that any ABR Swingline Loan shall be outstanding for more than five Business Days, the Administrative Agent shall, on behalf of the relevant Swingline Borrower (which hereby irrevocably directs and authorizes the Administrative Agent to act on its behalf), request each Lender, including the Swingline Lenders, to make an ABR Revolving Credit Loan in an amount equal to such Lender's Revolving Credit Percentage of the principal amount of such ABR Swingline Loan. Unless an event described in Article VI, paragraph (f) or (g), has occurred and is continuing, each Lender will make the proceeds of its Revolving Credit Loan available to the Administrative Agent for the account of the Swingline Lenders at the office of the Administrative Agent prior to 12:00 noon, New York City time, in funds immediately available on the Business Day next succeeding the date such notice is given. The proceeds of such Revolving Credit Loans shall be immediately applied to repay the ABR Swingline Loans.

(d) A Swingline Lender that has made an ABR Swingline Loan to a Borrower may at any time and for any reason, so long as Revolving Credit Loans have not been made pursuant to Section 2.6(c) to repay such ABR Swingline Loan as required by said Section, by written notice given to the Administrative Agent not later than 12:00 noon New York City time on any Business Day, require the Lenders to acquire participations on such Business Day in all or a portion of such unrefunded ABR Swingline Loans (the "*Unrefunded Swingline Loans*"), and each Lender severally, unconditionally and irrevocably agrees that it shall purchase an undivided participating interest in such ABR Swingline Loan in an amount equal to the amount of the Revolving Credit Loan which otherwise would have been made by such Lender pursuant to Section 2.6(c), which purchase shall be funded by the time such Revolving Credit Loan would have been required to be made pursuant to Section 2.6(c). In the event that the Lenders purchase undivided participating interests pursuant to the first sentence of this paragraph (d), each Lender shall immediately transfer to the Administrative Agent, for the account of such Swingline

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Lender, in immediately available funds, the amount of its participation. Any Lender holding a participation in an Unrefunded Swingline Loan may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the relevant Swingline Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly to such Swingline Borrower in the amount of such participation.

(e) Whenever, at any time after any Swingline Lender has received from any Lender such Lender's participating interest in an ABR Swingline Loan, such Swingline Lender receives any payment on account thereof, such Swingline Lender will promptly distribute to such Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded); *provided, however*, that in the event that such payment received by such Swingline Lender is required to be returned, such Lender will return to such Swingline Lender any portion thereof previously distributed by such Swingline Lender to it.

(f) Notwithstanding anything to the contrary in this Agreement, each Lender's obligation to make the Revolving Credit Loans referred to in Section 2.6(c) and to purchase and fund participating interests pursuant to Section 2.6(d) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which such Lender or any Swingline Borrower may have against any Swingline Lender, any Swingline Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default (other than an Event of Default described in Article VI, paragraph (f) or (g), in the case of each Lender's obligation to make Revolving Credit Loans pursuant to Section 2.6(c)) or the failure to satisfy any of the conditions specified in Article IV; (iii) any adverse change in the condition (financial or otherwise) of Viacom or any of its Subsidiaries; (iv) any breach of this Agreement by any Borrower or any Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(g) Upon written or telecopy notice to the Swingline Lenders and to the Administrative Agent, Viacom may at any time terminate, from time to time in part reduce, or from time to time (with the approval of the relevant Swingline Lender) increase, the Swingline Commitment of any Swingline Lender. At any time when there shall be fewer than ten Swingline Lenders, Viacom may appoint from among the Lenders a new Swingline Lender, subject to the prior consent of such new Swingline Lender and prior notice to the Administrative Agent, so long as at no time shall there be more than ten Swingline Lenders. Notwithstanding anything to the contrary in this Agreement, (i) if any ABR Swingline Loans shall be outstanding at the time of any termination, reduction, increase or appointment pursuant to the preceding two sentences, the Swingline Borrowers shall on the date thereof prepay or borrow ABR Swingline Loans to the extent necessary to ensure that at all times the outstanding ABR Swingline Loans held by the Swingline Lenders shall be *pro rata* according to the respective Swingline Commitments of the Swingline Lenders and (ii) in no event may the aggregate Swingline Commitments exceed \$300,000,000. On the date of any termination or reduction of the Swingline Commitments pursuant to this paragraph (g), the Swingline Borrowers shall pay or prepay so much of the Swingline Loans as shall be necessary in order that, after giving effect to such termination or reduction, (i) the aggregate outstanding principal amount of the ABR Swingline Loans of any Swingline Lender will not exceed the Swingline Commitment of such

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Swingline Lender and (ii) the aggregate outstanding principal amount of all Swingline Loans will not exceed the aggregate Swingline Commitments.

(h) Each Swingline Borrower may prepay any Swingline Loan in whole or in part at any time without premium or penalty; *provided*, that such Swingline Borrower shall have given the Administrative Agent written or telecopy notice (or telephone notice promptly confirmed in writing or by telecopy) of such prepayment not later than 10:30 a.m., New York City time, on the Business Day designated by such Swingline Borrower for such prepayment; and *provided, further*, that each partial payment shall be in an amount that is an integral multiple of \$1,000,000. Each notice of prepayment under this paragraph (h) shall specify the prepayment date and the principal amount of each Swingline Loan (or portion thereof) to be prepaid, shall be irrevocable and shall commit such Swingline Borrower to prepay such Swingline Loan (or portion thereof) in the amount stated therein on the date stated therein. All prepayments under this paragraph (h) shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment. Each payment of principal or interest on ABR Swingline Loans shall be allocated, as between the Swingline Lenders, *pro rata* in accordance with their respective Swingline Percentages.

SECTION 2.7. *Letters of Credit.* (a) Subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, each Issuing Lender agrees, at any time and from time to time on or after the Closing Date until the earlier of (i) the fifth Business Day preceding the Revolving Credit Maturity Date and (ii) the termination of the Commitments in accordance with the terms hereof, to issue and deliver or to extend the expiry of Letters of Credit for the account of any Borrower in an aggregate outstanding undrawn amount which does not exceed the maximum amount specified in the applicable Issuing Lender Agreement; *provided*, that (A) in no event shall the Aggregate LC Exposure exceed \$750,000,000 at any time and (B) after giving effect to each issuance of a Letter of Credit, the Total Facility Exposure shall not exceed the Total Commitment then in effect. Each Letter of Credit (i) shall be in a form approved in writing by the applicable Borrower and the applicable Issuing Lender and (ii) shall permit drawings upon the presentation of such documents as shall be specified by such Borrower in the applicable notice delivered pursuant to paragraph (c) below. The Lenders agree that, subject to compliance with the conditions precedent set forth in Section 4.3, any Designated Letter of Credit may be designated as a Letter of Credit hereunder from time to time on or after the Closing Date pursuant to the procedures specified in the definition of "Designated Letters of Credit".

(b) Each Letter of Credit shall by its terms expire not later than the fifth Business Day preceding the Revolving Credit Maturity Date. Any Letter of Credit may provide for the renewal thereof for additional periods (which shall in no event extend beyond the date referred to in the preceding sentence). Each Letter of Credit shall by its terms provide for payment of drawings in Dollars or in a Foreign Currency; *provided*, that a Letter of Credit denominated in a Foreign Currency may not be issued if, after giving effect thereto, the Dollar equivalent (calculated on the basis of the applicable Foreign Exchange Rate) of the aggregate face amount of all Letters of Credit denominated in Foreign Currencies then outstanding would exceed \$150,000,000, as determined by the Administrative Agent acting in good faith.

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(c) The applicable Borrower shall give the applicable Issuing Lender and the Administrative Agent written or telecopy notice not later than 10:00 a.m., New York City time, three Business Days (or such shorter period as shall be acceptable to such Issuing Lender) prior to any proposed issuance of a Letter of Credit. Each such notice shall refer to this Agreement and shall specify (i) the date on which such Letter of Credit is to be issued (which shall be a Business Day) and the face amount of such Letter of Credit, (ii) the name and address of the beneficiary, (iii) whether such Letter of Credit is a Financial Letter of Credit or a Non-Financial Letter of Credit (subject to confirmation of such status by the Administrative Agent), (iv) whether such Letter of Credit shall permit a single drawing or multiple drawings, (v) the form of the documents required to be presented at the time of any drawing

(together with the exact wording of such documents or copies thereof), (vi) the expiry date of such Letter of Credit (which shall conform to the provisions of paragraph (b) above) and (vii) if such Letter of Credit is to be in a Foreign Currency, the relevant Foreign Currency. The Administrative Agent shall give to each Lender prompt written or telecopy advice of the issuance of any Letter of Credit. Each determination by the Administrative Agent as to whether or not a Letter of Credit constitutes a Financial Letter of Credit shall be conclusive and binding upon the applicable Borrower and the Lenders.

(d) By the issuance of a Letter of Credit and without any further action on the part of the applicable Issuing Lender or the Lenders in respect thereof, the applicable Issuing Lender hereby grants to each Lender, and each Lender hereby acquires from such Issuing Lender, a participation in such Letter of Credit equal to such Lender's Revolving Credit Percentage at the time of any drawing thereunder of the stated amount of such Letter of Credit, effective upon the issuance of such Letter of Credit. In addition, the applicable Issuing Lender hereby grants to each Lender, and each Lender hereby acquires from such Issuing Lender, a participation in each Designated Letter of Credit equal to such Lender's Revolving Credit Percentage at the time of any drawing thereunder of the stated amount of such Designated Letter of Credit, effective on the date such Designated Letter of Credit is designated as a Letter of Credit hereunder. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of each Issuing Lender, in accordance with paragraph (f) below, such Lender's Revolving Credit Percentage of each unreimbursed LC Disbursement made by such Issuing Lender; *provided, however*, that the Lenders shall not be obligated to make any such payment with respect to any payment or disbursement made under any Letter of Credit to the extent resulting from the gross negligence or willful misconduct of such Issuing Lender.

(e) Each Lender acknowledges and agrees that its acquisition of participations pursuant to paragraph (d) above in respect of Letters of Credit shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which such Lender or the applicable Borrower may have against any Issuing Lender, any Borrower or any other Person, for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the conditions specified in Article IV; (iii) any adverse change in the condition (financial or otherwise) of the applicable Borrower; (iv) any breach of this Agreement by any Borrower or any Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

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(f) On the date on which it shall have ascertained that any documents presented under a Letter of Credit appear to be in conformity with the terms and conditions of such Letter of Credit, the applicable Issuing Lender shall give written or telecopy notice to the applicable Borrower and the Administrative Agent of the amount of the drawing and the date on which payment thereon has been or will be made. If the applicable Issuing Lender shall not have received from the applicable Borrower the payment required pursuant to paragraph (g) below by 12:00 noon, New York City time, two Business Days after the date on which payment of a draft presented under any Letter of Credit has been made, such Issuing Lender shall so notify the Administrative Agent, which shall in turn promptly notify each Lender, specifying in the notice to each Lender such Lender's Revolving Credit Percentage of such LC Disbursement. Each Lender shall pay to the Administrative Agent, not later than 2:00 p.m., New York City time, on such second Business Day, such Lender's Revolving Credit Percentage of such LC Disbursement (which obligation shall be expressed in Dollars only), which the Administrative Agent shall promptly pay to the applicable Issuing Lender. The Administrative Agent will promptly remit to each Lender such Lender's Revolving Credit Percentage of any amounts subsequently received by the Administrative Agent from the applicable Borrower in respect of such LC Disbursement; *provided*, that (i) amounts so received for the account of any Lender prior to payment by such Lender of amounts required to be paid by it hereunder in respect of any LC Disbursement and (ii) amounts representing interest at the rate provided in paragraph (g) below on any LC Disbursement for the period prior to the payment by such Lender of such amounts shall in each case be remitted to the applicable Issuing Lender.

(g) If an Issuing Lender shall pay any draft presented under a Letter of Credit, the applicable Borrower shall pay to such Issuing Lender an amount equal to the amount of such draft before 12:00 noon, New York City time, on the second Business Day immediately following the date of payment of such draft, together with interest (if any) on such amount at a rate per annum equal to the interest rate in effect for ABR Loans (or, in the case of Foreign Currency denominated Letters of Credit, the rate which would reasonably and customarily be charged by such Issuing Lender on outstanding loans denominated in the relevant Foreign Currency) from (and including) the date of payment of such draft to (but excluding) the date on which such Borrower shall have repaid, or the Lenders shall have refunded, such draft in full (which interest shall be payable on such second Business Day and from time to time thereafter on demand until such Borrower shall have repaid, or the Lenders shall have refunded, such draft in full). In the event that such drawing shall be refunded by the Lenders as provided in Section 2.7(f), the applicable Borrower shall pay to the Administrative Agent, for the account of the Lenders, quarterly on the last day of each March, June, September and December, interest on the amount so refunded at a rate per annum equal to the interest rate in effect for ABR Loans from (and including) the date of such refunding to (but excluding) the date on which the amount so refunded by the Lenders shall have been paid in full in Dollars by such Borrower. Each payment made to an Issuing Lender by the applicable Borrower pursuant to this paragraph shall be made at such Issuing Lender's address for notices specified herein in lawful money of (x) the United States of America (in the case of payments made on Dollar-denominated Letters of Credit) or (y) the applicable foreign jurisdiction (in the case of payments on Foreign Currency-denominated Letters of Credit) and in immediately available funds. The obligation of the applicable Borrower to pay the amounts referred to above in this paragraph (g) (and the obligations of the Lenders under paragraphs (d) and (f) above) shall be absolute, unconditional and irrevocable and shall be satisfied strictly in accordance with their terms irrespective of:

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(i) any lack of validity or enforceability of any Letter of Credit or any Issuing Lender Agreement or of the obligations of any Borrower under this Agreement or any Issuing Lender Agreement;

(ii) the existence of any claim, setoff, defense or other right which any Borrower or any other Person may at any time have against the beneficiary under any Letter of Credit, the Agents, any Issuing Lender or any Lender (other than the defense of payment in accordance with the terms of this Agreement or a defense based on the gross negligence or willful misconduct of the applicable Issuing Lender) or any other Person in connection with this Agreement or any other transaction;

(iii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect; *provided*, that payment by the applicable Issuing Lender under such Letter of Credit

against presentation of such draft or document shall not have constituted gross negligence or willful misconduct;

(iv) payment by the applicable Issuing Lender under a Letter of Credit against presentation of a draft or other document which does not comply in any immaterial respect with the terms of such Letter of Credit; *provided*, that such payment shall not have constituted gross negligence or willful misconduct; or

(v) any other circumstance or event whatsoever, whether or not similar to any of the foregoing; *provided*, that such other circumstance or event shall not have been the result of gross negligence or willful misconduct of the applicable Issuing Lender.

It is understood that in making any payment under a Letter of Credit (x) such Issuing Lender's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereof equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be forged, fraudulent or invalid in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever, and (y) any noncompliance in any immaterial respect of the documents presented under a Letter of Credit with the terms thereof shall, in either case, not, in and of itself, be deemed willful misconduct or gross negligence of such Issuing Lender.

(h) (i) Notwithstanding anything to the contrary contained in this Agreement, for purposes of calculating any LC Fee payable in respect of any Business Day, the Administrative Agent shall convert the amount available to be drawn under any Letter of Credit denominated in a Foreign Currency into an amount of Dollars based upon the relevant Foreign Exchange Rate in effect for such day. If on any date the Administrative Agent shall notify the applicable Borrower that, by virtue of any change in the Foreign Exchange Rate of any Foreign Currency in which a Letter of Credit is denominated, the Total Facility Exposure shall exceed the Total Commitment then in effect, then, within three Business Days after the date of such notice,

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such Borrower shall prepay the Revolving Credit Loans and/or the Swingline Loans to the extent necessary to eliminate such excess. Each Issuing Lender which has issued a Letter of Credit denominated in a Foreign Currency agrees to notify the Administrative Agent of the average daily outstanding amount thereof for any period in respect of which LC Fees are payable and, upon request by the Administrative Agent, for any other date or period. For all purposes of this Agreement (except as otherwise set forth in Section 2.22), determinations by the Administrative Agent of the Dollar equivalent of any amount expressed in a Foreign Currency shall be made on the basis of Foreign Exchange Rates reset monthly (or on such other periodic basis as shall be selected by the Administrative Agent in its sole discretion) and shall in each case be conclusive absent manifest error.

(ii) Notwithstanding anything to the contrary contained in this Section 2.7, prior to demanding any reimbursement from the Lenders pursuant to Section 2.7(f) in respect of any Letter of Credit denominated in a Foreign Currency, the relevant Issuing Lender shall convert the obligation of the applicable Borrower under Section 2.7(g) to reimburse such Issuing Lender in such Foreign Currency into an obligation to reimburse such Issuing Lender (and, in turn, the Lenders) in Dollars. The amount of any such converted obligation shall be computed based upon the relevant Foreign Exchange Rate (as quoted by the Administrative Agent to such Issuing Lender) in effect for the day on which such conversion occurs.

SECTION 2.8. *Conversion and Continuation Options.* (a) The relevant Borrower may elect from time to time to convert Eurocurrency Revolving Credit Loans denominated in Dollars (or, subject to Section 2.10(f), a portion thereof) to ABR Revolving Credit Loans on the last day of an Interest Period with respect thereto by giving the Administrative Agent prior irrevocable notice of such election. The relevant Borrower may elect from time to time to convert ABR Revolving Credit Loans (subject to Section 2.10(f)) to Eurocurrency Revolving Credit Loans denominated in Dollars by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election. Any such notice of conversion to Eurocurrency Revolving Credit Loans shall specify the length of the initial Interest Period therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. All or any part of outstanding Eurocurrency Revolving Credit Loans and ABR Revolving Credit Loans may be converted as provided herein; *provided*, that no Revolving Credit Loan may be converted into a Eurocurrency Revolving Credit Loan when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such a conversion.

(b) Any Eurocurrency Revolving Credit Loans (or, subject to Section 2.10(f), a portion thereof) may be continued as such upon the expiration of the then current Interest Period with respect thereto by the relevant Borrower giving irrevocable notice to the Administrative Agent, not less than three Business Days prior to the last day of the then current Interest Period with respect thereto, of the length of the next Interest Period to be applicable to such Revolving Credit Loans; *provided*, that no Eurocurrency Revolving Credit Loan may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such a continuation; and *provided, further*, that if the relevant Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Eurocurrency Revolving Credit Loans shall be

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automatically converted to ABR Revolving Credit Loans on the last day of such then expiring Interest Period (in the case of Multi-Currency Revolving Loans, such Loans shall be converted to Dollars at the Foreign Exchange Rate on such date before being converted to ABR Revolving Credit Loans). Upon receipt of any notice from a Borrower pursuant to this Section 2.8(b), the Administrative Agent shall promptly notify each Lender thereof. The Administrative Agent shall promptly notify the applicable Borrower upon the determination in accordance with this Section 2.8(b), by it or the Required Lenders, not to permit such a continuation.

SECTION 2.9. *Fees.* (a) Viacom agrees to pay to the Administrative Agent for the account of each Lender a Facility Fee for the period from and including the Closing Date to the Revolving Credit Maturity Date (or such earlier date on which the Commitments shall terminate in accordance herewith), computed at a per annum rate equal to the Applicable Facility Fee Rate on such Lender's Commitment (whether used or unused); *provided* that, if such Lender continues to have any Facility Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of

such Lender's Facility Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Facility Exposure. All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days and shall be payable quarterly in arrears on the last day of each March, June, September and December, on the Revolving Credit Maturity Date or such earlier date on which the Commitments shall be terminated, commencing on the first of such dates to occur after the Closing Date, and on the date (after termination of the Commitments) on which each Lender ceases to have any Facility Exposure.

(b) Viacom agrees to pay each Lender, through the Administrative Agent, on the 15th day of each April, July, October and January and on the Revolving Credit Maturity Date or the date on which the Commitment of such Lender shall be terminated as provided herein and all Letters of Credit issued hereunder shall have expired, a letter of credit fee (an "*LC Fee*") computed at a per annum rate equal to the Applicable LC Fee Rate on such Lender's Revolving Credit Percentage of the average daily undrawn amount of the Financial Letters of Credit or Non-Financial Letters of Credit, as the case may be, outstanding during the preceding fiscal quarter (or shorter period commencing with the Closing Date or ending with the Revolving Credit Maturity Date or the date on which the Commitment of such Lender shall have been terminated and all Letters of Credit issued hereunder shall have expired). All LC Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(c) Viacom agrees to pay to the Administrative Agent, for its own account, the administrative agent's fees ("*Administrative Agent's Fees*") provided for in the Administrative Agent Fee Letter at the times provided therein.

(d) Each Borrower agrees to pay to each Issuing Lender, through the Administrative Agent, for its own account, the applicable Issuing Lender Fees, including, without limitation, a fronting fee at a rate to be determined by the relevant Borrower and the relevant Issuing Lender with respect to each Letter of Credit issued by such Issuing Lender payable on the 15th day of each April, July, October and January to such Issuing Lender for the period from and including the date of issuance of such Letter of Credit to, but not including, the termination date of such Letter of Credit.

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(e) Viacom agrees to pay to each Lender, through the Administrative Agent, on each Interest Payment Date for ABR Loans, a utilization fee (a "*Utilization Fee*") at a rate per annum equal to the Applicable Utilization Fee Rate for each Excess Utilization Day during the period covered by such Interest Payment Date on the Facility Exposure of such Lender on such Excess Utilization Day. All Utilization Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days and shall be payable in arrears.

(f) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the relevant Lenders or to the Issuing Lenders. Once paid, none of the Fees shall be refundable under any circumstances (other than corrections of errors in payment).

SECTION 2.10. *Interest on Loans; Eurocurrency Tranches; Etc.* (a) Subject to the provisions of Section 2.11, Eurocurrency Loans shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to (i) in the case of each Eurocurrency Revolving Credit Loan, the Eurocurrency Rate for the Interest Period in effect for such Loan plus the Applicable Eurocurrency Margin and (ii) in the case of each Eurocurrency Competitive Loan, the Eurocurrency Rate for the Interest Period in effect for such Loan plus or minus (as the case may be) the Margin offered by the Lender making such Loan and accepted by the relevant Borrower pursuant to Section 2.3. The Eurocurrency Rate for each Interest Period shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error. The Administrative Agent shall promptly advise the relevant Borrower and each Lender of such determination.

(b) Subject to the provisions of Section 2.11, ABR Loans shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate. The Alternate Base Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(c) Subject to the provisions of Section 2.11, Quoted Swingline Loans shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the relevant Quoted Swingline Rate.

(d) Subject to the provisions of Section 2.11, each Absolute Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the fixed rate of interest offered by the Lender making such Loan and accepted by the relevant Borrower pursuant to Section 2.3.

(e) Interest on each Loan shall be payable on each applicable Interest Payment Date.

(f) Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions, continuations, repayments and prepayments of Eurocurrency Revolving Credit Loans hereunder and all selections of Interest Periods hereunder in respect of Eurocurrency Revolving Credit Loans shall be in such amounts and shall be made pursuant to

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such elections so that, after giving effect thereto, the aggregate principal amount of the Eurocurrency Revolving Credit Loans comprising each Eurocurrency Tranche shall be equal to \$50,000,000 (or the Dollar equivalent thereof) or a whole multiple of \$5,000,000 (or the Dollar equivalent thereof) in excess thereof. Unless otherwise agreed by the Administrative Agent, in no event shall there be more than 25 Eurocurrency Tranches outstanding at any time.

(g) If no election as to the Type of Revolving Credit Loan is specified in any notice of borrowing with respect thereto, then the requested Loan shall be an ABR Loan, unless such request is for a Revolving Credit Loan denominated in a Multi-Currency. If no Interest Period with respect to a Eurocurrency Revolving Credit Loan is specified in any notice of borrowing, conversion or continuation, then the relevant Borrower shall be

deemed to have selected an Interest Period of one month's duration. The Interest Period with respect to a Eurocurrency Competitive Loan shall in no case be less than one month's duration.

SECTION 2.11. *Default Interest.* (a) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), all outstanding Loans (whether or not overdue) shall bear interest at a rate per annum which is equal to the rate that would otherwise be applicable thereto pursuant to the provisions of Section 2.10 plus 2% and (b) if all or a portion of any LC Disbursement, any interest payable on any Loan or LC Disbursement or any Fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate otherwise applicable to ABR Loans pursuant to Section 2.10(b) plus 2%, in each case, with respect to clauses (a) and (b) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

SECTION 2.12. *Alternate Rate of Interest.* In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurocurrency Loan (i) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon each Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurocurrency Rate for such Interest Period, or (ii) the Required Lenders shall have determined and shall have notified the Administrative Agent that the Eurocurrency Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining Eurocurrency Loans during such Interest Period, the Administrative Agent shall, as soon as practicable thereafter, give written or telecopy notice of such determination to the Borrowers and the Lenders. In the event of any such determination, until the Administrative Agent shall have advised the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any request by a Borrower for a Eurocurrency Competitive Loan pursuant to Section 2.3 to be made after such determination shall be of no force and effect and shall be denied by the Administrative Agent, (ii) any request by a Borrower for a Eurocurrency Revolving Credit Loan denominated in Dollars pursuant to Section 2.4 to be made after such determination shall be deemed to be a request for an ABR Loan, (iii) any request by a Borrower for a Multi-Currency Revolving Loan to be made after such determination shall be deemed to be a request for an ABR Loan in an aggregate principal amount equal to the Dollar equivalent (as determined by the Foreign Exchange Rate on such date) of the relevant Multi-Currency and (iv) any request by a Borrower for conversion into or a continuation of a Eurocurrency Revolving Credit Loan pursuant to Section 2.8 to be made

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after such determination shall have no force and effect (in the case of a requested conversion) or shall be deemed to be a request for a conversion into an ABR Loan (in the case of a requested continuation); *provided*, that any request for a conversion of a Multi-Currency Revolving Loan shall be deemed to be a request for a conversion into an ABR Loan in an aggregate principal amount equal to the Dollar equivalent (as determined by the Foreign Exchange Rate on such date) of the relevant Multi-Currency. Also, in the event of any such determination, the relevant Borrower shall be entitled, in its sole discretion, if the requested Competitive Loan has not been made, to cancel its acceptance of the Competitive Bids or to cancel its Competitive Bid Request relating thereto. Each determination by the Administrative Agent or the Required Lenders hereunder shall be conclusive absent manifest error.

SECTION 2.13. *Termination and Reduction of Commitments.* (a) Upon at least three Business Days' prior irrevocable written or telecopy notice to the Administrative Agent, Viacom may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Commitments; *provided, however*, that (i) each partial reduction of the Commitments shall be in a minimum principal amount of \$10,000,000 and in integral multiples of \$1,000,000 in excess thereof and (ii) no such termination or reduction shall be made if, after giving effect thereto and to any prepayments of the Loans made on the effective date thereof, (x) the Outstanding Revolving Extensions of Credit of any Lender would exceed such Lender's Commitment then in effect or (y) the Total Facility Exposure would exceed the Total Commitment then in effect. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.13(a).

(b) Except as otherwise provided in Section 2.21, each reduction in the Commitments hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. Viacom agrees to pay to the Administrative Agent for the account of the Lenders, on the date of termination or reduction of the Commitments, the Facility Fees on the amount of the Commitments so terminated or reduced accrued through the date of such termination or reduction.

(c) Upon a decrease, pursuant to Section 2.13(a) or (b), in the Commitments, Viacom may decrease the Total Multi-Currency Sublimit and/or the Multi-Currency Sublimit with respect to any or all Multi-Currencies, in each case in a minimum principal amount of \$10,000,000 and in integral multiples of \$1,000,000 in excess thereof. No such termination or reduction shall be made if, after giving effect thereto and to any prepayments of the Loans made on the effective date thereof, (i) the Multi-Currency Sublimit with respect to each applicable Multi-Currency would be less than the Multi-Currency Revolving Loans outstanding in such Multi-Currency at such time or (ii) the Total Multi-Currency Sublimit would be less than the outstanding principal amount of Multi-Currency Revolving Loans at such time.

SECTION 2.14. *Optional Prepayments of Revolving Credit Loans.* The relevant Borrower may at any time and from time to time prepay the Revolving Credit Loans, in whole or in part, without premium or penalty, upon giving irrevocable written or telecopy notice (or telephone notice promptly confirmed by written or telecopy notice) to the Administrative Agent: (i) before 10:00 a.m., New York City time, three Business Days prior to prepayment, in the case of Eurocurrency Revolving Credit Loans, and (ii) before 10:00 a.m., New York City time, one Business Day prior to prepayment, in the case of ABR Revolving Credit Loans. Such

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notice shall specify the date and amount of prepayment and whether the prepayment is of Eurocurrency Revolving Credit Loans, ABR Revolving Credit Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each. If a Eurocurrency Revolving Credit Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the relevant Borrower shall also pay any amounts owing pursuant to Section 2.16. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of ABR Revolving Credit Loans) accrued interest to such date

on the amount prepaid. Partial prepayments of Revolving Credit Loans shall be in an aggregate principal amount of \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof.

SECTION 2.15. *Reserve Requirements; Change in Circumstances.* (a) Notwithstanding any other provision herein, if after the Closing Date any change in applicable law or regulation (including any change in the reserve percentages provided for in Regulation D) or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof shall change the basis of taxation of payments to any Lender of the principal of or interest on any Eurocurrency Loan or Absolute Rate Loan made by such Lender (other than changes in respect of taxes imposed on the overall net income of such Lender by the jurisdiction in which such Lender has its principal office (or in which it holds any Eurocurrency Loan or Absolute Rate Loan) or by any political subdivision or taxing authority therein and other than taxes that would not have been imposed but for the failure of such Lender to comply with applicable certification, information, documentation or other reporting requirements), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of or deposits with or for the account of such Lender, or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or any Eurocurrency Loan or Absolute Rate Loan made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan or Absolute Rate Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) in respect of any Eurocurrency Loan or Absolute Rate Loan by an amount deemed by such Lender to be material, then the relevant Borrower agrees to pay to such Lender as provided in paragraph (c) below such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered. Notwithstanding the foregoing, no Lender shall be entitled to request compensation under this paragraph with respect to any Competitive Loan if the change giving rise to such request shall, or in good faith should, have been taken into account in formulating the Competitive Bid pursuant to which such Competitive Loan shall have been made.

(b) If any Lender or any Issuing Lender shall have determined that the adoption after the Closing Date hereof of any law, rule, regulation or guideline regarding capital adequacy, or any change in any law, rule, regulation or guideline regarding capital adequacy or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or Issuing Lender or any Lender's or Issuing Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or

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comparable agency, has or would have the effect of reducing the rate of return on such Lender's or Issuing Lender's capital or on the capital of such Lender's or Issuing Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender or the LC Exposure of such Lender or Letters of Credit issued by such Issuing Lender pursuant hereto to a level below that which such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's or Issuing Lender's policies and the policies of such Lender's or Issuing Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender or Issuing Lender to be material, then from time to time the relevant Borrower agrees to pay to such Lender or Issuing Lender as provided in paragraph (c) below such additional amount or amounts as will compensate such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company for any such reduction suffered.

(c) A certificate of each Lender or Issuing Lender setting forth such amount or amounts as shall be necessary to compensate such Lender or Issuing Lender as specified in paragraph (a) or (b) above, as the case may be, and the basis therefor in reasonable detail shall be delivered to the relevant Borrower and shall be conclusive absent manifest error. The relevant Borrower shall pay each Lender or Issuing Lender the amount shown as due on any such certificate within 30 days after its receipt of the same. Upon the receipt of any such certificate, the relevant Borrower shall be entitled, in its sole discretion, if any requested Loan has not been made, to cancel its acceptance of the relevant Competitive Bids or to cancel the Competitive Bid Request relating thereto, subject to Section 2.16.

(d) Except as provided in this paragraph, failure on the part of any Lender or Issuing Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's or Issuing Lender's right to demand compensation with respect to any other period. The protection of this Section 2.15 shall be available to each Lender and Issuing Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed so long as it shall be customary for Lenders or Issuing Lenders affected thereby to comply therewith. No Lender or Issuing Lender shall be entitled to compensation under this Section 2.15 for any costs incurred or reductions suffered with respect to any date unless it shall have notified the relevant Borrower that it will demand compensation for such costs or reductions under paragraph (c) above not more than 90 days after the later of (i) such date and (ii) the date on which it shall have become aware of such costs or reductions. Notwithstanding any other provision of this Section 2.15, no Lender or Issuing Lender shall demand compensation for any increased cost or reduction referred to above if it shall not at the time be the general policy or practice of such Lender or Issuing Lender (as the case may be) to demand such compensation in similar circumstances under comparable provisions of other credit agreements, if any. In the event any Borrower shall reimburse any Lender or Issuing Lender pursuant to this Section 2.15 for any cost and such Lender or Issuing Lender (as the case may be) shall subsequently receive a refund in respect thereof, such Lender or Issuing Lender (as the case may be) shall so notify such Borrower and, upon its request, will pay to such Borrower the portion of such refund which such Lender or Issuing Lender (as the case may be) shall determine in good faith to be allocable to the cost so reimbursed. The covenants contained in this Section

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2.15 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

SECTION 2.16. *Indemnity.* Each Borrower agrees to indemnify each Lender against any loss or expense described below which such Lender may sustain or incur as a consequence of (a) any failure by such Borrower to fulfill on the date of any borrowing hereunder the applicable conditions set forth in Article IV, (b) any failure by such Borrower to borrow, continue or convert any Loan hereunder after irrevocable notice of such borrowing, continuation or conversion has been given or deemed given or Competitive Bids have been accepted pursuant to Article II, (c) any payment, prepayment or conversion of a Eurocurrency Loan or Absolute Rate Loan made to such Borrower required by any other provision of this Agreement or otherwise made or

deemed made, whatever the circumstances may be that give rise to such payment, prepayment or conversion, or any transfer of any such Loan pursuant to Section 2.21 or 9.4(b), on a date other than the last day of the Interest Period applicable thereto, or (d) if any breakage is incurred, any failure by a Borrower to prepay a Eurocurrency Loan on the date specified in a notice of prepayment; *provided*, that any request for indemnification made by any Lender to any Borrower pursuant hereto shall be accompanied by such Lender's calculation of such amount to be indemnified. The loss or expense for which such Lender shall be indemnified under this Section 2.16 shall be equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, converted or not borrowed, continued, prepaid or converted (assumed to be the Eurocurrency Rate in the case of Eurocurrency Loans) for the period from the date of such payment, prepayment, conversion or failure to borrow, continue, prepay or convert to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, continue, prepay or convert, the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid, converted or not borrowed, continued, prepaid or converted for such period or Interest Period, as the case may be; *provided, however*, that such amount shall not include any loss of a Lender's margin or spread over its cost of obtaining funds as described above. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section 2.16 (with calculations in reasonable detail) shall be delivered to the relevant Borrower and shall be conclusive absent manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

SECTION 2.17. *Pro Rata Treatment; Funding Matters; Evidence of Debt.* (a) Except as required under Section 2.21, each payment or prepayment of principal of any Revolving Credit Loan, each payment of interest on the Revolving Credit Loans, each payment of LC Fees, each payment of the Facility Fees, and each reduction of the Commitments, shall be allocated *pro rata* among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Revolving Credit Loans). Each Lender agrees that in computing such Lender's portion of any Loan to be made hereunder, the Administrative Agent may, in its discretion, round such Lender's percentage of such Loan to the next higher or lower whole Dollar amount.

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(b) Unless the Administrative Agent shall have received notice from a Lender prior to the relevant borrowing date that such Lender will not make available to the Administrative Agent such Lender's portion of a borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such borrowing in accordance with this Agreement and the Administrative Agent may, in reliance upon such assumption, make available to the relevant Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to the Administrative Agent, each of such Lender and the relevant Borrower agrees to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of such Borrower, the interest rate applicable at the time to the relevant Loan and (ii) in the case of such Lender, the Federal Funds Effective Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such borrowing for the purposes of this Agreement; *provided*, that such repayment shall not release such Lender from any liability it may have to such Borrower for the failure to make such Loan at the time required herein.

(c) The failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender).

(d) Each Lender may at its option make any Eurocurrency Loan by causing any domestic or foreign branch or Lender Affiliate of such Lender to make such Loan; *provided*, that any exercise of such option shall not affect the obligation of the relevant Borrower to repay such Loan in accordance with the terms of this Agreement.

(e) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness to such Lender resulting from each Loan made by it from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Borrower with respect to each Loan, the Type of each Loan and each Interest Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from any Borrower and each Lender's share thereof. The entries made in the accounts maintained pursuant to this paragraph (e) shall, to the extent permitted by applicable law, be *prima facie* evidence of the existence and amounts of the obligations therein recorded; *provided, however*, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of any Borrower to repay the Loans in accordance with their terms.

(f) In order to expedite the transactions contemplated by this Agreement, each Subsidiary Borrower shall be deemed, by its execution and delivery of a Subsidiary Borrower Request, to have appointed Viacom to act as agent on behalf of such Subsidiary Borrower for the purpose of (i) giving any notices contemplated to be given by such Subsidiary Borrower pursuant

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to this Agreement, including, without limitation, borrowing notices, prepayment notices, continuation notices, conversion notices, competitive bid requests and competitive bid acceptances or rejections and (ii) paying on behalf of such Subsidiary Borrower any Subsidiary Borrower Obligations owing by such Subsidiary Borrower; *provided*, that each Subsidiary Borrower shall retain the right, in its discretion, to directly give any or all of such notices or make any or all of such payments.

(g) The Administrative Agent shall promptly notify the Lenders upon receipt of any Subsidiary Borrower Designation and Subsidiary Borrower Request. The Administrative Agent shall promptly notify the Swingline Lenders upon receipt of any designation of a Subsidiary Borrower as a Swingline Borrower.

SECTION 2.18. *Sharing of Setoffs.* Except to the extent that this Agreement provides for payments to be allocated to Revolving Credit

Loans, Swingline Loans or Competitive Loans, as the case may be, each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against any Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means (other than pursuant to any provision of this Agreement), obtain payment (voluntary or involuntary) in respect of any category of its Loans or such Lender's Revolving Credit Percentage of any LC Disbursement as a result of which the unpaid principal portion of such Loans or the unpaid portion of such Lender's Revolving Credit Percentage of the LC Disbursements shall be proportionately less than the unpaid principal portion of such Loans or the unpaid portion of the Revolving Credit Percentage of the LC Disbursements of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in such Loans or the Revolving Credit Percentage of the LC Disbursements of such other Lender, so that the aggregate unpaid principal amount of such Loans and participations in such Loans held by each Lender or the Revolving Credit Percentage of LC Disbursements and participations in LC Disbursements held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all such Loans or LC Disbursements then outstanding as the principal amount of such Loans or the Revolving Credit Percentage of LC Disbursements of each Lender prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all such Loans or LC Disbursements outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; *provided, however*, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.18 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest, unless the Lender from which such payment is recovered is required to pay interest thereon, in which case each Lender returning funds to such Lender shall pay its *pro rata* share of such interest. Any Lender holding a participation in a Loan or LC Disbursement deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by any Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly to such Borrower or issued a Letter of Credit for the account of such Borrower in the amount of such participation.

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SECTION 2.19. *Payments.* (a) Except as otherwise expressly provided herein, each Borrower shall make each payment (including principal of or interest on any Loan or any Fees or other amounts) hereunder without setoff or counterclaim and shall make each such payment not later than 12:00 noon, New York City time, on the date when due in Dollars to the Administrative Agent at its offices at JPMorgan Chase Bank, 270 Park Avenue, New York, New York 10017, in immediately available funds. Notwithstanding the foregoing, each Borrower shall make each payment with respect to any Loan denominated in any Foreign Currency (including principal of or interest on any such Loan or other amounts) hereunder without setoff or counterclaim and shall make each such payment not later than 12:00 noon, London time, on the date when due in the relevant Foreign Currency to the Administrative Agent at its offices at J.P. Morgan Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom, in immediately available funds.

(b) Whenever any payment (including principal of or interest on any Loan or any Fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.20. *Taxes.* (a) Any and all payments by each Borrower hereunder shall be made, in accordance with Section 2.19, free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, charges, fees, deductions, charges or withholdings, and all liabilities with respect thereto imposed by or on behalf of any Governmental Authority, *excluding* net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent's or such Lender's having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document) (all such nonexcluded taxes, levies, imposts, duties, charges, fees, deductions, charges, withholdings and liabilities being hereinafter referred to as "*Taxes*"). If any Borrower shall be required by law to deduct any Taxes or Other Taxes from or in respect of any sum payable to any Agent or any Lender hereunder, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.20) such Agent or such Lender shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law.

(b) The relevant Borrower agrees to pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The relevant Borrower will indemnify each Lender (or Transferee) and the Administrative Agent for the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed by the applicable jurisdiction on amounts payable under this Section 2.20) paid by such Lender (or Transferee) or the Administrative Agent, as the case may be, and any

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liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 days after the date such Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor.

(d) Whenever any Taxes or Other Taxes are payable by any Borrower, within 30 days thereafter such Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an official receipt received by such Borrower showing payment thereof (or other evidence of such payment reasonably satisfactory to the Administrative Agent).

(e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.20 shall survive the payment in full of the principal of and interest on all Loans made hereunder and of all other amounts payable hereunder.

(f) Each Lender (or Transferee) that is not a “United States Person” as defined in Section 7701(a)(30) of the Code (such Lender (or Transferee), a “Non-U.S. Person”) shall deliver to Viacom and the Administrative Agent (or, in the case of a participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Non-U.S. Person claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of “portfolio interest”, a Form W-8BEN, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Person, claiming an exemption with respect to payments of “portfolio interest”, delivers a Form W-8BEN, an annual certificate representing that such Non-U.S. Person is not a “bank” for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of Viacom and is not a controlled foreign corporation related to Viacom (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Person claiming complete exemption from U.S. federal withholding tax on all payments by any Borrower under this Agreement. Such forms shall be delivered by each Non-U.S. Person promptly after it becomes a party to this Agreement (or, in the case of any participant, promptly after the date such participant purchases the related participation). In addition, each Non-U.S. Person shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Person. Each Non-U.S. Person shall promptly notify Viacom at any time it determines that it is no longer in a position to provide any previously delivered certificate to Viacom (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Unless Viacom and the Administrative Agent (or, in the case of a participant, the Lender from which the related participation shall have been purchased) have received forms or other documents satisfactory to them indicating that payments hereunder are not subject to United States withholding tax, the relevant Borrower or the Administrative Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments of interest to or for any Lender (or Transferee) that is a Non-U.S. Person. Notwithstanding any other provision of this Section 2.20(f), a Non-U.S. Person shall not be required to deliver any form pursuant to this Section 2.20(f) that such Non-U.S. Person is not legally able to deliver by reason of the adoption of any law, rule or regulation, or any change in any law, rule or regulation

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or in the interpretation thereof, in each case occurring after the date such Non-U.S. Person becomes a Lender (or Transferee).

(g) A Lender that is entitled to an exemption from or reduction of any non-U.S. withholding tax under the law of the jurisdiction in which a Borrower is located, or under any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to such Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by such Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, *provided* that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender’s reasonable judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(h) No Borrower shall be required to pay any additional amounts to any Agent or Lender pursuant to paragraph (a) above (i) if the obligation to pay such additional amounts would not have arisen but for a failure by such Agent or Lender to comply with the provisions of paragraph (f) or (g) above or (ii) in the case of a Transferee, to the extent such additional amounts exceed the additional amounts that would have been payable had no transfer or assignment to such Transferee occurred; *provided, however*, that each Borrower shall be required to pay those amounts to any Agent or Lender (or Transferee) that it was required to pay hereunder prior to the failure of such Agent or Lender (or Transferee) to comply with the provisions of such paragraph (f) or (g).

SECTION 2.21. *Termination or Assignment of Commitments Under Certain Circumstances.* (a) Any Lender (or Transferee) claiming any additional amounts payable pursuant to Section 2.15 or Section 2.20 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by any Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(b) In the event that (x) any Lender shall have delivered a notice or certificate pursuant to Section 2.15, (y) any Borrower shall be required to make additional payments to any Lender under Section 2.20, or (z) any Lender (a “Non-Consenting Lender”) shall withhold its consent to any amendment described in clause (i) or (ii) of Section 9.8(b) as to which consents have been obtained from Lenders having Total Facility Percentages aggregating at least 90%, Viacom shall have the right, at its own expense, upon notice to such Lender (or Lenders) and the Administrative Agent, (i) to terminate the Commitments of such Lender (except in the case of clause (z) above) or (ii) to require such Lender (or, in the case of clause (z) above, each Non-Consenting Lender) to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 9.4) all its interests, rights and obligations under this Agreement to one or more other financial institutions acceptable to Viacom (unless an Event of Default has occurred and is continuing) and the Administrative Agent, which approval in each case shall not be unreasonably withheld, which shall assume such obligations; *provided*, that (w) in the case of any replacement of Non-Consenting Lenders, each assignee shall have consented

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to the relevant amendment, (x) no such termination or assignment shall conflict with any law, rule or regulation or order of any Governmental Authority, (y) the Borrowers or the assignee (or assignees), as the case may be, shall pay to each affected Lender in immediately available funds on the date of such termination or assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder and (z) Viacom may not terminate Commitments representing more than 10% of the original aggregate Commitments pursuant to this paragraph (b).

SECTION 2.22. *Currency Equivalents.* (a) The Administrative Agent shall determine the Dollar equivalent of each Competitive Bid Loan in a Foreign Currency and each Multi-Currency Revolving Loan as of the first day of each Interest Period applicable thereto and, in the case of any such Interest Period of more than three months, at three-month intervals after the first day thereof. The Administrative Agent shall promptly notify the applicable Borrowers and the Lenders of the Dollar equivalent so determined by it. Each such determination shall be based on the Spot Rate (i) (A) on the date of the related Competitive Bid Request, for purposes of the initial determination of such Competitive Bid Loan, and (B) on the date of the related Revolving Credit

Borrowing Request, for purposes of the initial determination of such Multi-Currency Revolving Loan, and (ii) on the fourth Business Day prior to the date on which such Dollar equivalent is to be determined, for purposes of subsequent determinations.

(b) The Administrative Agent shall determine the Dollar equivalent of the Aggregate LC Exposure related to each Letter of Credit issued in a Foreign Currency as of the date of the issuance thereof, at three-month intervals after the date of issuance thereof and as of the date of each drawing thereunder. Each such determination shall be based on the Spot Rate (i) on the date of the related notice of any proposed issuance of a Letter of Credit pursuant to Section 2.7(c), in the case of the initial determination of such Letter of Credit, (ii) on the second Business Day prior to the date as of which such Dollar equivalent is to be determined, in the case of any subsequent determination with respect to an outstanding Letter of Credit and (iii) on the second Business Day prior to the related drawing thereunder, in the case of any determination as to a drawing thereunder.

(c) If after giving effect to any such determination of a Dollar equivalent with respect to Competitive Bid Loans or Letters of Credit, the Dollar equivalent thereof exceeds \$150,000,000, Viacom shall, or shall cause the applicable Subsidiary Borrowers to, within five Business Days, (i) in the case of an excess with respect to Competitive Bid Loans, prepay outstanding Competitive Bid Loans in Foreign Currencies to eliminate such excess, (ii) in the case of an excess with respect to Letters of Credit, cause to be reduced (or, at the relevant Borrower's option, cash collateralize) outstanding Letters of Credit in Foreign Currencies to eliminate such excess, or (iii) in each case, take such other action to the extent necessary to eliminate any such excess. If after giving effect to any such determination of a Dollar equivalent with respect to Multi-Currency Revolving Loans, the Dollar equivalent thereof exceeds (A) the Multi-Currency Sublimit for any currency or (B) the Total Multi-Currency Sublimit, Viacom shall, or shall cause the relevant Subsidiary Borrowers to, within five Business Days, prepay outstanding Multi-Currency Revolving Loans so that the Specified Currency Availability for each currency is greater than or equal to zero and so that the Total Specified Currency Availability is greater than or equal to zero or take such other action to the extent necessary to eliminate any such excess.

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(d) Notwithstanding the foregoing, if at any time (i) the Commitment Utilization Percentage (calculated without giving effect to clauses (a)(ii) and (b)(ii) contained in the definition thereof in Section 1.1) is greater than 110%, Viacom shall, or shall cause the relevant Subsidiary Borrowers to, within five Business Days prepay outstanding Competitive Bid Loans in Foreign Currencies, prepay outstanding Multi-Currency Revolving Loans, cause to be reduced (or, at the relevant Borrower's option, cash collateralize) outstanding Letters of Credit in Foreign Currencies or take such other action to the extent necessary to eliminate any such excess, or (ii) the Dollar equivalent of the outstanding Multi-Currency Revolving Loans is greater than 110% of (A) the Multi-Currency Sublimit for any currency or (B) the Total Multi-Currency Sublimit, Viacom shall, or shall cause the relevant Subsidiary Borrowers to, within five Business Days, prepay outstanding Multi-Currency Revolving Loans so that the Specified Currency Availability for each currency is greater than or equal to zero and so that the Total Specified Currency Availability is greater than or equal to zero or take such other action to the extent necessary to eliminate any such excess.

(e) If any prepayment of a Competitive Bid Loan or a Multi-Currency Revolving Loan occurs pursuant to this Section 2.22 on a day which is not the last day of the then current Interest Period with respect thereto, Viacom shall, or shall cause the applicable Subsidiary Borrowers to, pay to the Lenders such amounts, if any, as may be required pursuant to Section 2.16.

SECTION 2.23. *Judgment Currency.* If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due from any Borrower hereunder in the currency expressed to be payable herein (the "*specified currency*") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's London office on any Business Day preceding that on which the final judgment is given. The obligations of each Borrower in respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent, as the case may be, of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent, as the case may be, may in accordance with normal banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, the applicable Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (i) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (ii) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender as compared to such Lender's Total Facility Percentage, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to the applicable Borrower.

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ARTICLE III

REPRESENTATIONS AND WARRANTIES

Viacom hereby represents and warrants, and each Subsidiary Borrower by its execution and delivery of a Subsidiary Borrower Request represents and warrants (to the extent specifically applicable to such Subsidiary Borrower), to each of the Lenders that:

SECTION 3.1. *Corporate Existence.* Each of Viacom and each Material Subsidiary: (a) is a corporation, partnership or other entity duly organized and validly existing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals, necessary to own its assets and carry on its business as now being or as proposed to be conducted, except where the failure to have any of the foregoing would not result in a Material Adverse Effect; and (c) is qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would result in a Material Adverse Effect.

SECTION 3.2. *Financial Condition.* The consolidated balance sheet of Viacom and its Consolidated Subsidiaries as at December 31, 2002, and the related consolidated statements of income and cash flows of Viacom and its Consolidated Subsidiaries for the fiscal year ended on such date, with the opinion thereon of PricewaterhouseCoopers LLC, heretofore furnished to each of the Lenders, fairly present the consolidated financial condition of Viacom and its Consolidated Subsidiaries as at such date and the consolidated results of their operations for the fiscal year ended on such date in accordance with GAAP. Neither Viacom nor any of its Material Subsidiaries had on such date any known material contingent liability, except as referred to or reflected or provided for in the Exchange Act Report or in such balance sheets (or the notes thereto) as at such date.

SECTION 3.3. *Litigation.* Except as disclosed to the Lenders in the Exchange Act Report filed prior to the Closing Date or otherwise disclosed in writing to the Lenders prior to the Closing Date, there are no legal or arbitral proceedings, or any proceedings by or before any Governmental Authority, pending or (to the knowledge of Viacom) threatened against Viacom or any of its Material Subsidiaries which have resulted in a Material Adverse Effect (it being agreed that any legal or arbitral proceedings which have been disclosed in the Exchange Act Report, whether threatened, pending, resulting in a judgment or otherwise, prior to the time a final judgment for the payment of money shall have been recorded against Viacom or any Material Subsidiary by any Governmental Authority having jurisdiction, and the judgment is non-appealable (or the time for appeal has expired) and all stays of execution have expired or been lifted shall not, in and of itself, be deemed to result in a Material Adverse Effect). The “*Exchange Act Report*” shall mean, collectively, the Annual Report of Viacom on Form 10-K for the year ended December 31, 2002 and Quarterly Reports on Form 10-Q and Reports on Form 8-K of Viacom filed with or furnished to the SEC subsequent to December 31, 2002, but on or before February 5, 2004, in each case, as amended or supplemented on or before February 5, 2004.

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SECTION 3.4. *No Breach, etc.* None of the execution and delivery of this Agreement, the consummation of the transactions herein contemplated and compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under, the charter or By-laws (or other equivalent organizational documents) of any Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any Governmental Authority, or any material agreement or instrument to which Viacom or any of its Material Subsidiaries is a party or by which any of them is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of Viacom or any of its Material Subsidiaries pursuant to the terms of any such agreement or instrument. Neither Viacom nor any of its Material Subsidiaries is in default under or with respect to any of its material contractual obligations in any respect which would have a Material Adverse Effect.

SECTION 3.5. *Corporate Action.* Each Borrower has all necessary corporate power and authority to execute, deliver and perform its obligations under this Agreement; the execution and delivery by each Borrower of this Agreement (or, in the case of each Subsidiary Borrower, the relevant Subsidiary Borrower Request), and the performance by each Borrower of this Agreement, have been duly authorized by all necessary corporate action on such Borrower’s part; this Agreement (or, in the case of each Subsidiary Borrower, the relevant Subsidiary Borrower Request) has been duly and validly executed and delivered by each Borrower; and this Agreement constitutes a legal, valid and binding obligation of each Borrower, enforceable in accordance with its terms except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general applicability affecting the enforcement of creditors’ rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.6. *Approvals.* No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority are necessary for the execution, delivery or performance by each Borrower of this Agreement or for the validity or enforceability hereof.

SECTION 3.7. *ERISA.* Viacom and, to the best of its knowledge, its ERISA Affiliates have fulfilled their respective obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and are in compliance in all material respects with the currently applicable provisions of ERISA and the Code except where any failure or non-compliance would not result in a Material Adverse Effect.

SECTION 3.8. *Taxes.* Viacom and its Material Subsidiaries, to the knowledge of Viacom, have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by or in respect of them and have paid or caused to be paid all taxes shown as due on such returns or pursuant to any assessment received by Viacom or any of its Material Subsidiaries, except those being contested and reserved against in accordance with Section 5.2.

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SECTION 3.9. *Investment Company Act.* No Borrower is an “*investment company*”, or a company “*controlled*” by an “*investment company*”, subject to regulation under the Investment Company Act of 1940, as amended.

SECTION 3.10. *Environmental.* Except as in the aggregate would not have a Material Adverse Effect, neither Viacom nor any of its Subsidiaries has received any notice of violation, alleged violation, non-compliance or liability regarding environmental matters or compliance with Environmental Laws with regard to any of its or its Subsidiaries’ Properties or business, nor does Viacom have any knowledge that any notice will be received or is being threatened.

SECTION 3.11. *Material Subsidiaries.* The list of Material Subsidiaries set forth in the most recently issued Form 10-K of Viacom is complete and correct in all material respects as of the date of the issuance of such Form 10-K.

ARTICLE IV

CONDITIONS OF EFFECTIVENESS AND LENDING

SECTION 4.1. *Effectiveness.* The effectiveness of this Agreement is subject to the satisfaction of the following conditions:

(a) *Credit Agreement.* The Administrative Agent shall have received this Agreement, executed and delivered by a duly authorized officer of Viacom and Viacom International.

(b) *Closing Certificate.* The Administrative Agent shall have received a Closing Certificate, substantially in the form of Exhibit E, of Viacom and Viacom International, with appropriate insertions and attachments.

(c) *Termination of Existing Credit Agreements.* The Existing Credit Agreements shall have been paid in full and all obligations thereunder shall have been terminated.

(d) *Opinion of Counsel.* The Administrative Agent shall have received an opinion of the general counsel of Viacom and Viacom International in form and substance satisfactory to the Administrative Agent and customary for transactions of this type.

(e) *Amendment to Existing \$1.5 Billion Five-Year Credit Agreement.* All conditions to effectiveness specified in Section 2(b) of Amendment No. 3 to the Existing \$1.5 Billion Five-Year Credit Agreement, the form of which is attached hereto as Exhibit G, shall have been satisfied.

SECTION 4.2. *Initial Loans to Subsidiary Borrowers.* The obligation of each Lender to make its initial Loan to a particular Subsidiary Borrower, if designated as such after the Closing Date, is subject to the satisfaction of the conditions that (a) Viacom shall have delivered to the Administrative Agent a Subsidiary Borrower Designation for such Subsidiary Borrower and (b) such Subsidiary Borrower shall have furnished to the Administrative Agent (i)

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a Subsidiary Borrower Request, (ii) a Closing Certificate of such Subsidiary Borrower, with appropriate insertions and attachments and (iii) one or more executed legal opinions with respect to such Subsidiary Borrower, in form and substance reasonably satisfactory to the Administrative Agent. Viacom may from time to time deliver a subsequent Subsidiary Borrower Designation with respect to any Subsidiary Borrower, countersigned by such Subsidiary Borrower, for the purpose of terminating such Subsidiary Borrower's designation as such, so long as, on the effective date of such termination, all Subsidiary Borrower Obligations in respect of such Subsidiary Borrower shall have been paid in full. In addition, if on any date a Subsidiary Borrower shall cease to be a Subsidiary, all Subsidiary Borrower Obligations in respect of such Subsidiary Borrower shall automatically become due and payable on such date and no further Loans may be borrowed by such Subsidiary Borrower hereunder.

SECTION 4.3. *All Credit Events* The obligation of each Lender to make each Loan, and the obligation of each Issuing Lender to issue each Letter of Credit, are subject to the satisfaction of the following conditions:

(a) The Administrative Agent shall have received a request for, or notice of, such Credit Event if and as required by Section 2.3, 2.4, 2.6 or 2.7, as applicable;

(b) Each of the representations and warranties made by Viacom and, in the case of a borrowing by a Subsidiary Borrower, by such Subsidiary Borrower, in Sections 3.1, 3.2, 3.4, 3.5 and 3.6 shall be true and correct in all material respects on and as of the date of such Credit Event with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date in which case such representations and warranties shall be true and correct in all material respects as of such earlier date;

(c) At the time of and immediately after giving effect to such Credit Event no Default or Event of Default shall have occurred and be continuing; and

(d) After giving effect to such Credit Event, (i) with respect to Revolving Credit Loans, (A) the Outstanding Revolving Extensions of Credit of each Lender shall not exceed such Lender's Commitment then in effect and (B) the Total Facility Exposure shall not exceed the Total Commitment then in effect, and (ii) with respect to Multi-Currency Revolving Loans, (A) the outstanding Multi-Currency Revolving Loans in a particular Multi-Currency shall not exceed the Multi-Currency Sublimit for such currency and (B) the aggregate outstanding Multi-Currency Revolving Loans shall not exceed the Total Multi-Currency Sublimit.

Each Credit Event shall be deemed to constitute a representation and warranty by Viacom on the date of such Credit Event as to the matters specified in paragraphs (b) and (c) of this Section 4.3.

ARTICLE V

COVENANTS

Viacom covenants and agrees with each Lender that, as long as the Commitments shall be in effect or the principal of or interest on any Loan shall be unpaid, or there shall be any Aggregate LC Exposure, unless the Required Lenders shall otherwise consent in writing:

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SECTION 5.1. *Financial Statements.* Viacom shall deliver to each of the Lenders:

(a) within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of Viacom, consolidated statements of income and cash flows of Viacom and its Consolidated Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated balance sheet as at the end of such period, setting forth in each case in comparative form the

corresponding consolidated figures for the corresponding period in the preceding fiscal year, accompanied by a certificate of a Financial Officer of Viacom which certificate shall state that such financial statements fairly present the consolidated financial condition and results of operations of Viacom and its Consolidated Subsidiaries in accordance with GAAP as at the end of, and for, such period, subject to normal year-end audit adjustments; *provided*, that the requirement herein for the furnishing of such quarterly financial statements may be fulfilled by providing to the Lenders the report of Viacom to the SEC on Form 10-Q for the applicable quarterly period, accompanied by the officer's certificate described in the last sentence of this Section 5.1;

(b) within 120 days after the end of each fiscal year of Viacom, consolidated statements of income and cash flows of Viacom and its Consolidated Subsidiaries for such year and the related consolidated balance sheet as at the end of such year, setting forth in comparative form the corresponding consolidated figures for the preceding fiscal year, and accompanied by an opinion thereon (unqualified as to the scope of the audit) of independent certified public accountants of recognized national standing, which opinion shall state that such consolidated financial statements fairly present the consolidated financial condition and results of operations of Viacom and its Consolidated Subsidiaries as at the end of, and for, such fiscal year; *provided*, that the requirement herein for the furnishing of annual financial statements may be fulfilled by providing to the Lenders the report of Viacom to the SEC on Form 10-K for the applicable fiscal year;

(c) promptly upon their becoming publicly available, copies of all registration statements and regular periodic reports (including without limitation any and all reports on Form 8-K), if any, which Viacom or any of its Subsidiaries shall have filed with the SEC or any national securities exchange;

(d) promptly upon the mailing thereof to the shareholders of Viacom generally, copies of all financial statements, reports and proxy statements so mailed;

(e) within 30 days after a Responsible Officer of Viacom knows or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan have occurred or exist which would reasonably be expected to result in a Material Adverse Effect, a statement signed by a senior financial officer of Viacom setting forth details respecting such event or condition and the action, if any, which Viacom or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by Viacom or an ERISA Affiliate with respect to such event or condition):

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(i) any reportable event, as defined in Section 4043(b) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which PBGC has not by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event; *provided*, that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA shall be a reportable event regardless of the issuance of any waiver in accordance with Section 412(d) of the Code;

(ii) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan;

(iii) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by Viacom or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal by Viacom or any ERISA Affiliate under Section 4201 or 4204 of ERISA from a Multiemployer Plan, or the receipt by Viacom or any ERISA Affiliate of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against Viacom or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within 30 days; and

(vi) a failure to make a required installment or other payment with respect to a Plan (within the meaning of Section 412(n) of the Code), in which case the notice required hereunder shall be provided within 10 days after the due date for filing notice of such failure with PBGC;

(f) promptly after a Responsible Officer of Viacom knows or has reason to believe that any Default or Event of Default has occurred, a notice of such Default or Event of Default describing it in reasonable detail and, together with such notice or as soon thereafter as possible, a description of the action that Viacom has taken and proposes to take with respect thereto;

(g) promptly after a Responsible Officer of Viacom knows that any change has occurred in Viacom's Debt Rating by either Rating Agency, a notice describing such change; and

(h) promptly from time to time such other information regarding the financial condition, operations or business of Viacom or any of its Subsidiaries (including, without limitation, any Plan or Multiemployer Plan and any reports or other information required to be filed under ERISA) as any Lender through the Administrative Agent may reasonably request.

Viacom will furnish to the Administrative Agent and each Lender, at the time it furnishes each set of financial statements pursuant to paragraph (a) or (b) above, a certificate (which may be a

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copy in the case of each Lender) of a Financial Officer of Viacom (a "Compliance Certificate") (i) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing it in reasonable detail and describing the action

that Viacom has taken and proposes to take with respect thereto), and (ii) setting forth in reasonable detail the computations (including any *pro forma* calculations as described in Section 1.2(c)) necessary to determine whether Viacom is in compliance with the Financial Covenant as of the end of the respective quarterly fiscal period or fiscal year. Each Lender hereby agrees that Viacom may, in its discretion, provide any notice, report or other information to be provided pursuant to this Section 5.1 to such Lender by (i) electronic mail to the electronic mail address provided by such Lender and/or (ii) through access to a web site, including, without limitation, www.sec.gov.

SECTION 5.2. *Corporate Existence, Etc.* Viacom will, and will cause each of its Material Subsidiaries to, preserve and maintain its legal existence and all of its material rights, privileges and franchises (*provided* that (a) nothing in this Section 5.2 shall prohibit any transaction expressly permitted under Section 5.4, (b) the corporate existence of any Subsidiary (other than a Subsidiary Borrower or Viacom International) may be terminated if, in the good faith judgment of the board of directors or the chief financial officer of Viacom, such termination is in the best interests of Viacom and such termination would not have a Material Adverse Effect, and (c) Viacom or such Material Subsidiary shall not be required to preserve or maintain any such right, privilege or franchise if the board of directors of Viacom or such Material Subsidiary, as the case may be, shall determine that the preservation or maintenance thereof is no longer desirable in the conduct of the business of Viacom or such Material Subsidiary, as the case may be); comply with the requirements of all applicable laws, rules, regulations and orders of Governmental Authorities (including, without limitation, all Environmental Laws) and with all contractual obligations if failure to comply with such requirements or obligations would reasonably be expected to result in a Material Adverse Effect; pay and discharge all material taxes, assessments, governmental charges, levies or other obligations of whatever nature imposed on it or on its income or profits or on any of its Property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge, levy or other obligation the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained; maintain all its Property used or useful in its business in good working order and condition, ordinary wear and tear excepted, all as in the judgment of Viacom or such Material Subsidiary may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times (*provided* that Viacom or such Material Subsidiary shall not be required to maintain any such Property if the failure to maintain any such Property is, in the judgment of Viacom or such Material Subsidiary, desirable in the conduct of the business of Viacom or such Material Subsidiary); keep proper books of records and accounts in which entries that are full, true and correct in all material respects shall be made in conformity with GAAP; and permit representatives of any Lender, during normal business hours upon reasonable advance notice, to inspect any of its books and records and to discuss its business and affairs with its Financial Officers or their designees, all to the extent reasonably requested by such Lender.

SECTION 5.3. *Insurance.* Viacom will, and will cause each of its Material Subsidiaries to, keep insured by financially sound and reputable insurers all Property of a character usually insured by corporations engaged in the same or similar business and similarly

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situated against loss or damage of the kinds and in the amounts consistent with prudent business practice and carry such other insurance as is consistent with prudent business practice (it being understood that self-insurance shall be permitted to the extent consistent with prudent business practice).

SECTION 5.4. *Prohibition of Fundamental Changes.* Viacom will not, and will not permit any of its Material Subsidiaries to, (i) enter into any transaction of merger, consolidation, liquidation or dissolution or (ii) Dispose of, in one transaction or a series of related transactions, all or a substantial part of the consolidated assets of Viacom and its Subsidiaries taken as a whole, whether now owned or hereafter acquired (excluding (x) financings by way of sales of receivables or inventory, (y) inventory or other Property Disposed of in the ordinary course of business and (z) obsolete or worn-out Property, tools or equipments no longer used or useful in its business). Notwithstanding the foregoing provisions of this Section 5.4:

(a) Viacom may consummate the Blockbuster Event;

(b) any Subsidiary of Viacom may be merged or consolidated with or into: (i) Viacom if Viacom shall be the continuing or surviving corporation or (ii) any other such Subsidiary; *provided*, that (x) if any such transaction shall be between a Subsidiary and a Wholly Owned Subsidiary, such Wholly Owned Subsidiary shall be the continuing or surviving corporation and (y) if any such transaction shall be between a Subsidiary and a Subsidiary Borrower, the continuing or surviving corporation shall be a Subsidiary Borrower;

(c) any Subsidiary of Viacom may distribute, dividend or Dispose of any of or all its Property (upon voluntary liquidation or otherwise) to Viacom or a Wholly Owned Subsidiary of Viacom;

(d) Viacom may merge or consolidate with or into any other Person (including, without limitation, Viacom International) if (i) either (x) Viacom is the continuing or surviving corporation or (y) the corporation formed by such consolidation or into which Viacom is merged shall be a corporation organized under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume the obligations of Viacom hereunder pursuant to a written agreement and shall have delivered to the Administrative Agent such agreement and a certificate of a Responsible Officer and an opinion of counsel to the effect that such merger or consolidation complies with this Section 5.4(d), and (ii) after giving effect thereto and to any repayment of Loans to be made upon consummation thereof (it being expressly understood that no repayment of Loans is required solely by virtue thereof), no Default or Event of Default shall have occurred and be continuing;

(e) any Subsidiary of Viacom may merge or consolidate with or into any other Person if, after giving effect thereto and to any repayment of Loans to be made upon the consummation thereof (it being expressly understood that, except as otherwise expressly provided in Section 4.2 with respect to Subsidiary Borrowers, no repayment of Loans is required solely by virtue thereof), no Default or Event of Default shall have occurred and be continuing;

(f) Viacom or any Subsidiary of Viacom may Dispose of its Property if, after giving effect thereto and to any repayment of Loans to be made upon the consummation thereof (it being expressly understood that, except as otherwise expressly provided in Section 4.2 with respect to Subsidiary Borrowers, no repayment of Loans is required solely by virtue thereof), no Default or Event of Default shall have occurred and be continuing; and

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- (g) Blockbuster Inc. may pay a dividend to its shareholders in contemplation of the Blockbuster Event.

SECTION 5.5. *Limitation on Liens.* Viacom shall not, directly or indirectly, create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien upon or with respect to any of its Properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, in each case to secure or provide for the payment of any Indebtedness of any Person, except:

- (a) purchase money Liens or purchase money security interests upon or in any Property acquired or held by Viacom or any Subsidiary of Viacom in the ordinary course of business to secure the purchase price of such Property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such Property;
- (b) Liens existing on Property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition);
- (c) Liens on Property of Persons which become or became Subsidiaries securing Indebtedness existing, with respect to any such Person, on the date such Person becomes or became a Subsidiary (other than any such Lien created in contemplation of such Person becoming a Subsidiary);
- (d) Liens securing Indebtedness incurred by Viacom or any Subsidiary of Viacom; *provided, however*, that the aggregate principal amount of Indebtedness referred to in this clause (d) secured by Liens shall not exceed \$30,000,000 at any time outstanding;
- (e) any Lien securing the renewal, extension or refunding of any Indebtedness secured by any Lien permitted by clause (a), (b), (c) or (d) above that does not extend to Indebtedness other than that which is being renewed, extended or refunded; and
- (f) Liens securing Indebtedness permitted under Section 5.6(h), *provided*, that such Liens shall be non-recourse to Viacom and Viacom International and shall extend solely to the Property of Blockbuster Inc. and its Subsidiaries.

SECTION 5.6. *Limitation on Subsidiary Indebtedness.* Viacom will not permit any of its Subsidiaries to create, incur, assume or suffer to exist any Indebtedness (which includes, for the purposes of this Section 5.6, any preferred stock), except:

- (a) Indebtedness of any Person which is acquired by Viacom or any of its Subsidiaries after the Closing Date, which Indebtedness was outstanding prior to the date of acquisition of such Person and was not created in anticipation thereof;

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- (b) any Indebtedness owing by Viacom or any of its Subsidiaries to Viacom or any of its Subsidiaries (including any intercompany Indebtedness created by the declaration of any dividend (including a note payable dividend) by any Subsidiary to Viacom or any of its other Subsidiaries);
- (c) Indebtedness (including backed-up commercial paper) of any Subsidiary Borrower or Viacom International under this Agreement;
- (d) Indebtedness (including backed-up commercial paper) existing at any time under the Existing \$1.5 Billion Five-Year Credit Agreement;
- (e) Indebtedness outstanding on the Closing Date, with such Indebtedness outstanding as of September 30, 2003 being set forth on Schedule 5.6;
- (f) any replacement, renewal, refinancing or extension of any Indebtedness permitted by Section 5.6(a) through (d) or set forth on Schedule 5.6 that does not exceed the aggregate principal amount (plus associated fees and expenses) of the Indebtedness being replaced, renewed, refinanced or extended (except that accrued and unpaid interest may be part of any refinancing);
- (g) Indebtedness incurred after the Closing Date; *provided*, that after giving effect thereto the aggregate principal amount of Indebtedness incurred pursuant to this paragraph (g) that is outstanding on such date (it being understood that, for the purposes of this paragraph (g), the term “Indebtedness” does not include Indebtedness excepted by any of clauses (a) through (f) inclusive) does not exceed the greater of (i) an aggregate principal amount in excess of 5% of Consolidated Tangible Assets (measured by reference to the then latest financial statements delivered pursuant to Section 5.1(a) or (b), as applicable) and (ii) \$800,000,000 at any time; and
- (h) Indebtedness of Blockbuster Inc. and its Subsidiaries incurred after the Closing Date in contemplation of, or otherwise in connection with, the Blockbuster Event, *provided* that such Indebtedness shall be non-recourse to Viacom and its Subsidiaries (other than Blockbuster Inc. and its Subsidiaries).

SECTION 5.7. *Consolidated Coverage Ratio.* Viacom will not permit the Consolidated Coverage Ratio for any period of four consecutive fiscal quarters to be less than 3.00 to 1.00.

SECTION 5.8. *Use of Proceeds.* On and after the Closing Date, each Borrower will use the proceeds of the Loans and will use the Letters of Credit hereunder solely for general corporate purposes, including, without limitation, acquisitions and commercial paper backup (in each case in compliance with all applicable legal and regulatory requirements, including, without limitation, Regulation U and the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the regulations thereunder); *provided*, that neither any Agent nor any Lender shall have any responsibility as to the use of any of such proceeds.

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SECTION 5.9. *Transactions with Affiliates.* Excepting transactions directly or indirectly entered into pursuant to any agreement entered into prior to the Closing Date, or transactions contemplated by any agreement directly or indirectly entered into prior to the Closing Date, Viacom will not, and will not permit any of its Material Subsidiaries to, directly or indirectly enter into any material transaction with any Affiliate of Viacom except on terms at least as favorable to Viacom or such Subsidiary as it could obtain on an arm's-length basis.

ARTICLE VI

EVENTS OF DEFAULT

In case of the happening of any of the following events ("*Events of Default*");

(a) (i) any Borrower shall default in the payment when due of any principal of any Loan or (ii) any Borrower shall default in the payment when due of any interest on any Loan, any reimbursement obligation in respect of any LC Disbursement, any Fee or any other amount payable by it hereunder and, in the case of this clause (ii), such default shall continue unremedied for a period of five Business Days;

(b) any representation, warranty or certification made or deemed made herein (or in any modification or supplement hereto) by any Borrower, or any certificate furnished to any Lender or the Administrative Agent pursuant to the provisions hereof, shall prove to have been false or misleading in any material respect as of the time made, deemed made or furnished;

(c) (i) Viacom shall default in the performance of any of its obligations under Sections 5.7 or 5.8, (ii) Viacom shall default in the performance of any of its obligations under Section 5.4 and, in the case of this clause (ii), such default shall continue unremedied for a period of 5 days after notice thereof to Viacom by the Administrative Agent or the Required Lenders (through the Administrative Agent), or (iii) Viacom shall default in the performance of any of its other obligations under this Agreement and, in the case of this clause (iii), such default shall continue unremedied for a period of 15 days after notice thereof to Viacom by the Administrative Agent or the Required Lenders (through the Administrative Agent);

(d) Viacom or any of its Subsidiaries shall (i) fail to pay at final maturity any Indebtedness in an aggregate amount in excess of \$250,000,000, or (ii) fail to make any payment (whether of principal, interest or otherwise), regardless of amount, due in respect of, or fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing, any such Indebtedness, in excess of \$250,000,000 if the effect of any failure referred to in this clause (ii) has caused such Indebtedness to become due prior to its stated maturity (it being agreed that for purposes of this paragraph (d) only, the term "*Indebtedness*" shall include obligations under any interest rate protection agreement, foreign currency exchange agreement or other interest or exchange rate hedging agreement and that the amount of any Person's obligations under any such agreement shall be the net amount that such Person could be required to pay as a result of a termination thereof by reason of a default thereunder);

(e) Viacom or any of its Material Subsidiaries shall admit in writing its inability, or be generally unable, to pay its debts as such debts become due;

(f) Viacom or any of its Material Subsidiaries shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, trustee or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code (as now or hereafter in effect), (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, or (vi) take any corporate action for the purpose of effecting any of the foregoing;

(g) a proceeding or a case shall be commenced, without the application or consent of Viacom or any of its Material Subsidiaries, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of Viacom or such Material Subsidiary or of all or any substantial part of its assets or (iii) similar relief in respect of Viacom or such Material Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more days; or an order for relief against Viacom or such Material Subsidiary shall be entered in an involuntary case under the Bankruptcy Code;

(h) subject to Schedule VI(h), a final judgment or judgments for the payment of money in excess of \$250,000,000 in the aggregate shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against Viacom and/or any of its Material Subsidiaries and the same shall not be paid or discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 60 days from the date of entry thereof and Viacom or the relevant Material Subsidiary shall not, within said period of 60 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal;

(i) an event or condition specified in Section 5.1(e) shall occur or exist with respect to any Plan or Multiemployer Plan and, as a result of such event or condition, together with all other such events or conditions, Viacom or any ERISA Affiliate shall incur or shall be reasonably likely to incur a liability to a Plan, a Multiemployer Plan or PBGC (or any combination of the foregoing) which would constitute a Material Adverse Effect; or

(j) the guarantee (i) by Viacom contained in Section 8.1 shall cease, for any reason, to be in full force and effect or Viacom shall so assert or (ii) by Viacom International contained in Section 8.2 shall cease, for any reason except pursuant to Section 8.2(g), to be in full force and effect or Viacom International shall so assert;

then and in every such event (other than an event with respect to Viacom described in paragraph (f) or (g) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to Viacom, take any or all of the following actions, at the same or different times: (I) terminate forthwith the Commitments, (II) declare the Loans then outstanding to be forthwith due and

payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of each Borrower accrued hereunder, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each Borrower, anything contained herein to the contrary notwithstanding, and (III) require that Viacom deposit cash with the Administrative Agent, in an amount equal to the Aggregate LC Exposure, as collateral security for the repayment of any future LC Disbursements; and in any event with respect to any Borrower described in paragraph (f) or (g) above, (A) if such Borrower is Viacom, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of each Borrower accrued hereunder, shall automatically become due and payable and Viacom shall be required to deposit cash with the Administrative Agent, in an amount equal to the Aggregate LC Exposure, as collateral security for the repayment of any future drawings under the Letters of Credit and (B) if such Borrower is a Subsidiary Borrower, the principal of the Loans made to such Subsidiary Borrower then outstanding, together with accrued interest thereon and all other liabilities of such Subsidiary Borrower accrued hereunder, shall automatically become due and payable and such Subsidiary Borrower shall be required to deposit cash with the Administrative Agent, in an amount equal to the outstanding Letters of Credit issued to such Subsidiary Borrower, as collateral security for the repayment of any future drawings under the Letters of Credit, in each case without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each Borrower, anything contained herein to the contrary notwithstanding.

ARTICLE VII

THE AGENTS

In order to expedite the transactions contemplated by this Agreement, each Agent is hereby appointed to act as Agent on behalf of the Lenders. Each of the Lenders and the Issuing Lenders hereby irrevocably authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders and the Issuing Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders and Issuing Lenders all payments of principal of and interest on the Loans and the LC Disbursements and all other amounts due to the Lenders and the Issuing Lenders hereunder, and promptly to distribute to each Lender and Issuing Lender its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders to the Borrowers of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender and Issuing Lender copies of all notices, financial statements and other materials delivered by any Borrower pursuant to this Agreement as received by the Administrative Agent.

Neither any Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to

ascertain or to make any inquiry concerning the performance or observance by any Borrower of any of the terms, conditions, covenants or agreements contained in this Agreement. The Agents shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or other instruments or agreements. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders (or, when expressly required hereby, all the Lenders) and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders and the Issuing Lenders. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper Person or Persons. Neither the Agents nor any of their directors, officers, employees or agents shall have any responsibility to any Borrower on account of the failure of or delay in performance or breach by any Lender or Issuing Lender of any of its obligations hereunder or to any Lender or Issuing Lender on account of the failure of or delay in performance or breach by any other Agent, any other Lender or Issuing Lender or any Borrower of any of their respective obligations hereunder or in connection herewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders and the Issuing Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Lenders and the Borrowers. Upon any such resignation, the Required Lenders shall have the right to appoint from the Lenders a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint from the Lenders a successor Administrative Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least \$500,000,000 or an affiliate of any such bank, which successor shall be acceptable to Viacom (such acceptance not to be unreasonably withheld). Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.5 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by them and their LC Exposure hereunder, the Agents in their individual capacity and not as Agents shall have the same rights and powers as any other Lender and may exercise the same as though they were not Agents, and the Agents and their affiliates may accept deposits from, lend money to and generally engage in any kind of

business with the Borrowers or any of their respective Subsidiaries or any Affiliate thereof as if they were not Agents.

Each Lender and Issuing Lender agrees (i) to reimburse the Administrative Agent in the amount of its *pro rata* share (based on its Total Facility Percentage or, after the date on which the Loans shall have been paid in full, based on its Total Facility Percentage immediately prior to such date) of any reasonable, out-of-pocket expenses incurred for the benefit of the Lenders or the Issuing Lenders by the Administrative Agent, including reasonable counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders or the Issuing Lenders, which shall not have been reimbursed by or on behalf of any Borrower and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees or agents, in the amount of such *pro rata* share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by it under this Agreement, to the extent the same shall not have been reimbursed by or on behalf of Viacom; *provided*, that no Lender or Issuing Lender shall be liable to the Administrative Agent or any such director, officer, employee or agent for any portion of such liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Administrative Agent or any of its directors, officers, employees or agents.

Each Lender and Issuing Lender acknowledges that it has, independently and without reliance upon the Agents or any other Lender or Issuing Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuing Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender or Issuing Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Neither the Co-Documentation Agents, the Syndication Agent, the Joint Lead Arrangers nor any managing agent shall have any duties or responsibilities hereunder in its capacity as such.

ARTICLE VIII

GUARANTEES

SECTION 8.1. *Viacom Guarantee.* (a) *Guarantee.* In order to induce the Administrative Agent and the Lenders to become bound by this Agreement and to make the Loans hereunder to the Subsidiary Borrowers, and in consideration thereof, Viacom hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to the Administrative Agent, for the ratable benefit of the Lenders, the prompt and complete payment and performance by each Subsidiary Borrower when due (whether at stated maturity, by acceleration or otherwise) of the Subsidiary Borrower Obligations, and Viacom further agrees to pay any and all expenses (including, without limitation, all reasonable fees, charges and

disbursements of counsel) which may be paid or incurred by the Administrative Agent or by the Lenders in enforcing, or obtaining advice of counsel in respect of, any of their rights under the guarantee contained in this Section 8.1(a). The guarantee contained in this Section 8.1(a), subject to Section 8.1(e), shall remain in full force and effect until the Subsidiary Borrower Obligations are paid in full and the Commitments are terminated, notwithstanding that from time to time prior thereto any Subsidiary Borrower may be free from any Subsidiary Borrower Obligations. Viacom agrees that whenever, at any time, or from time to time, it shall make any payment to the Administrative Agent or any Lender on account of its liability under this Section 8.1, it will notify the Administrative Agent and such Lender in writing that such payment is made under the guarantee contained in this Section 8.1 for such purpose. No payment or payments made by any Subsidiary Borrower or any other Person or received or collected by the Administrative Agent or any Lender from any Subsidiary Borrower or any other Person by virtue of any action or proceeding or any setoff or appropriation or application, at any time or from time to time, in reduction of or in payment of the Subsidiary Borrower Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of Viacom under this Section 8.1 which, notwithstanding any such payment or payments, shall remain liable for the unpaid and outstanding Subsidiary Borrower Obligations until, subject to Section 8.1(e), the Subsidiary Borrower Obligations are paid in full and the Commitments are terminated. Notwithstanding any other provision herein, the maximum liability of Viacom under this Section 8.1 shall in no event exceed the amount which can be guaranteed by Viacom under applicable law.

(b) *No Subrogation, etc.* Notwithstanding any payment or payments made by Viacom hereunder, or any setoff or application of funds of Viacom by the Administrative Agent or any Lender, Viacom shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against any Subsidiary Borrower or against any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Subsidiary Borrower Obligations, nor shall Viacom seek or be entitled to seek any contribution, reimbursement, exoneration or indemnity from or against any Subsidiary Borrower in respect of payments made by Viacom hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Subsidiary Borrowers on account of the Subsidiary Borrower Obligations are paid in full and the Commitments are terminated. So long as the Subsidiary Borrower Obligations remain outstanding, if any amount shall be paid by or on behalf of any Subsidiary Borrower or any other Person to Viacom on account of any of the rights waived in this Section 8.1, such amount shall be held by Viacom in trust, segregated from other funds of Viacom, and shall, forthwith upon receipt by Viacom, be turned over to the Administrative Agent in the exact form received by Viacom (duly indorsed by Viacom to the Administrative Agent, if required), to be applied against the Subsidiary Borrower Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

(c) *Amendments, etc. with respect to the Subsidiary Borrower Obligations.* Viacom shall remain obligated under this Section 8.1 notwithstanding that, without any reservation of rights against Viacom, and without notice to or further assent by Viacom, any demand for payment of or reduction in the principal amount of any of the Subsidiary Borrower Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender, and any of the Subsidiary Borrower Obligations continued, and the Subsidiary Borrower Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect

thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and this Agreement and any other documents executed and delivered in connection herewith may be amended, modified, supplemented or terminated, in whole or in part, as the Required Lenders (or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Subsidiary Borrower Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any lien at any time held by it as security for the Subsidiary Borrower Obligations or for the guarantee contained in this Section 8.1 or any property subject thereto.

(d) *Guarantee Absolute and Unconditional.* Viacom waives any and all notice of the creation, renewal, extension or accrual of any of the Subsidiary Borrower Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Section 8.1 or acceptance of the guarantee contained in this Section 8.1; the Subsidiary Borrower Obligations shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 8.1; and all dealings between Viacom or the Subsidiary Borrowers, on the one hand, and the Administrative Agent and the Lenders, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 8.1. Viacom waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Viacom or any Subsidiary Borrower with respect to the Subsidiary Borrower Obligations. The guarantee contained in this Section 8.1 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of this Agreement, any of the Subsidiary Borrower Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) the legality under applicable requirements of law of repayment by the relevant Subsidiary Borrower of any Subsidiary Borrower Obligations or the adoption of any requirement of law purporting to render any Subsidiary Borrower Obligations null and void, (c) any defense, setoff or counterclaim (other than a defense of payment or performance by the applicable Subsidiary Borrower) which may at any time be available to or be asserted by Viacom against the Administrative Agent or any Lender, or (d) any other circumstance whatsoever (with or without notice to or knowledge of Viacom or any Subsidiary Borrower) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Subsidiary Borrower for any of its Subsidiary Borrower Obligations, or of Viacom under the guarantee contained in this Section 8.1, in bankruptcy or in any other instance. When the Administrative Agent or any Lender is pursuing its rights and remedies under this Section 8.1 against Viacom, the Administrative Agent or any Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against any Subsidiary Borrower or any other Person or against any collateral security or guarantee for the Subsidiary Borrower Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to pursue such other rights or remedies or to collect any payments from any Subsidiary Borrower or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Subsidiary Borrower or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve Viacom of any liability under this Section 8.1, and shall not

impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent and the Lenders against Viacom.

(e) *Reinstatement.* The guarantee contained in this Section 8.1 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Subsidiary Borrower Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Subsidiary Borrower or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Subsidiary Borrower or any substantial part of its property, or otherwise, all as though such payments had not been made.

(f) *Payments.* Viacom hereby agrees that any payments in respect of the Subsidiary Borrower Obligations pursuant to this Section 8.1 will be paid to the Administrative Agent without setoff or counterclaim in Dollars at the office of the Administrative Agent specified in Section 9.1. Notwithstanding the foregoing, any payments in respect of the Subsidiary Borrower Obligations pursuant to this Section 8.1 with respect to any Loan denominated in any Foreign Currency (including principal of or interest on any such Loan or other amounts) hereunder shall be made without setoff or counterclaim to the Administrative Agent at its offices at J.P. Morgan Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom, in the relevant Foreign Currency and in immediately available funds.

SECTION 8.2. *Viacom International Guarantee.* (a) *Guarantee.* In order to induce the Administrative Agent and the Lenders to become bound by this Agreement and to make the Loans hereunder to Viacom, and in consideration thereof, Viacom International hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to the Administrative Agent, for the ratable benefit of the Lenders, the prompt and complete payment and performance by Viacom when due (whether at stated maturity, by acceleration or otherwise) of the Viacom Obligations, and Viacom International further agrees to pay any and all expenses (including, without limitation, all reasonable fees, charges and disbursements of counsel) which may be paid or incurred by the Administrative Agent or by the Lenders in enforcing, or obtaining advice of counsel in respect of, any of their rights under the guarantee contained in this Section 8.2(a). The guarantee contained in this Section 8.2(a), subject to Section 8.2(e), shall remain in full force and effect until the Viacom Obligations are paid in full and the Commitments are terminated, notwithstanding that from time to time prior thereto Viacom may be free from any Viacom Obligations. Viacom International agrees that whenever, at any time, or from time to time, it shall make any payment to the Administrative Agent or any Lender on account of its liability under this Section 8.2, it will notify the Administrative Agent and such Lender in writing that such payment is made under the guarantee contained in this Section 8.2 for such purpose. No payment or payments made by Viacom or any other Person or received or collected by the Administrative Agent or any Lender from Viacom or any other Person by virtue of any action or proceeding or any setoff or appropriation or application, at any time or from time to time, in reduction of or in payment of the Viacom Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of Viacom International under this Section 8.2 which, notwithstanding any such payment or payments, shall remain liable for the unpaid and outstanding Viacom Obligations until, subject to Section 8.2(e), the Viacom Obligations are paid in full and the Commitments are terminated. Notwithstanding any other provision herein, the

maximum liability of Viacom International under this Section 8.2 shall in no event exceed the amount which can be guaranteed by Viacom International under applicable law.

(b) *No Subrogation, etc.* Notwithstanding any payment or payments made by Viacom International hereunder, or any setoff or application of funds of Viacom International by the Administrative Agent or any Lender, Viacom International shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against Viacom or against any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Viacom Obligations, nor shall Viacom International seek or be entitled to seek any contribution, reimbursement, exoneration or indemnity from or against Viacom in respect of payments made by Viacom International hereunder, until all amounts owing to the Administrative Agent and the Lenders by Viacom on account of the Viacom Obligations are paid in full and the Commitments are terminated. So long as the Viacom Obligations remain outstanding, if any amount shall be paid by or on behalf of Viacom or any other Person to Viacom International on account of any of the rights waived in this Section 8.2, such amount shall be held by Viacom International in trust, segregated from other funds of Viacom International, and shall, forthwith upon receipt by Viacom International, be turned over to the Administrative Agent in the exact form received by Viacom International (duly indorsed by Viacom International to the Administrative Agent, if required), to be applied against the Viacom Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

(c) *Amendments, etc. with respect to the Viacom Obligations.* Viacom International shall remain obligated under this Section 8.2 notwithstanding that, without any reservation of rights against Viacom International, and without notice to or further assent by Viacom International, any demand for payment of or reduction in the principal amount of any of the Viacom Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender, and any of the Viacom Obligations continued, and the Viacom Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and this Agreement and any other documents executed and delivered in connection herewith may be amended, modified, supplemented or terminated, in whole or in part, as the Required Lenders (or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Viacom Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any lien at any time held by it as security for the Viacom Obligations or for the guarantee contained in this Section 8.2 or any property subject thereto.

(d) *Guarantee Absolute and Unconditional.* Viacom International waives any and all notice of the creation, renewal, extension or accrual of any of the Viacom Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Section 8.2 or acceptance of the guarantee contained in this Section 8.2; the Viacom Obligations shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this

Section 8.2; and all dealings between Viacom International or Viacom, on the one hand, and the Administrative Agent and the Lenders, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 8.2. Viacom International waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Viacom International or Viacom with respect to the Viacom Obligations. The guarantee contained in this Section 8.2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of this Agreement, any of the Viacom Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) the legality under applicable requirements of law of repayment by Viacom of any Viacom Obligations or the adoption of any requirement of law purporting to render any Viacom Obligations null and void, (c) any defense, setoff or counterclaim (other than a defense of payment or performance by Viacom) which may at any time be available to or be asserted by Viacom International against the Administrative Agent or any Lender, or (d) any other circumstance whatsoever (with or without notice to or knowledge of Viacom International or Viacom) which constitutes, or might be construed to constitute, an equitable or legal discharge of Viacom for any of its Viacom Obligations, or of Viacom International under the guarantee contained in this Section 8.2, in bankruptcy or in any other instance. When the Administrative Agent or any Lender is pursuing its rights and remedies under this Section 8.2 against Viacom International, the Administrative Agent or any Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against Viacom or any other Person or against any collateral security or guarantee for the Viacom Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to pursue such other rights or remedies or to collect any payments from Viacom or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of Viacom or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve Viacom International of any liability under this Section 8.2, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent and the Lenders against Viacom International.

(e) *Reinstatement.* The guarantee contained in this Section 8.2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Viacom Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Viacom or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Viacom or any substantial part of its property, or otherwise, all as though such payments had not been made.

(f) *Payments.* Viacom International hereby agrees that any payments in respect of the Viacom Obligations pursuant to this Section 8.2 will be paid to the Administrative Agent without setoff or counterclaim in Dollars at the office of the Administrative Agent specified in Section 9.1. Notwithstanding the foregoing, any payments in respect of the Viacom Obligations pursuant to this Section 8.2 with respect to any Loan denominated in any Foreign Currency (including principal of or interest on any such Loan or other amounts) hereunder shall be made without setoff or counterclaim to the Administrative Agent at its offices at J.P. Morgan

Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom, in the relevant Foreign Currency and in immediately available funds.

(g) *Release of Guarantee.* Notwithstanding the foregoing, the guarantee contained in this Section 8.2 shall be released on the earlier of the date on which (i) all notes, debentures and bonds now or hereafter issued by Viacom which carry a Viacom International guarantee (the “Bonds”) are paid in full and (ii) the guarantee of Viacom International with respect to the Bonds is released. On such date, this Section 8.2, including without limitation Section 8.2(e), shall be deemed to have no legal effect whatsoever.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1. *Notices.* Notices and other communications provided for herein shall be in writing (or, where permitted to be made by telephone, shall be confirmed promptly in writing) and shall be delivered by hand or overnight courier service, mailed or sent by telecopier as follows:

(a) if to Viacom, to it at Viacom Inc., 1515 Broadway, New York, New York 10036, Attention of Treasurer (Telecopy No. (212) 846-1896), with a copy to General Counsel (Telecopy No. (212) 258-6099);

(b) if to Viacom International, to it c/o Viacom Inc., 1515 Broadway, New York, New York 10036, Attention of Treasurer (Telecopy No. (212) 846-1896), with a copy to General Counsel (Telecopy No. (212) 258-6099);

(c) if to the Administrative Agent, to it at JPMorgan Chase Bank, 270 Park Avenue, New York, New York 10017, Attention: James Stone (Telecopy No. (212) 270-4584), with a copy to (i) JPMorgan Chase Bank, Loan and Agency Services, 1111 Fannin Street, 10th Floor, Houston, Texas 77002, Attention: Valerie Grandinetti (Telecopy No. (713) 750-2358) and (ii) if such notice or other communication relates to a Multi-Currency Revolving Loan (including any Revolving Credit Borrowing Request for a Multi-Currency Revolving Loan), J.P. Morgan Europe Limited, 125 London Wall, London, England EC2Y 5AJ, United Kingdom, Attention: Caroline Walsh (Telecopy No. 011-44-207-777-2360);

(d) if to any Issuing Lender, to it at the address for notices specified in the applicable Issuing Lender Agreement;

(e) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 1.1 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto; and

(f) if to a Subsidiary Borrower, to it at its address set forth in the relevant Subsidiary Borrower Request.

Notwithstanding the foregoing, each of Viacom, any other Borrower, the Administrative Agent, any Issuing Lender and any Lender may, in its discretion, provide any notice, report or other

information to be provided under this Agreement to a Lender by (i) electronic mail to the electronic mail address provided by such Lender in its Administrative Questionnaire and/or (ii) through access to a web site. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on (A) the date of receipt if delivered by hand or overnight courier service or sent by telecopy or electronic mail, (B) the date of posting if given by web site access, (C) the date of such telephone call, if permitted by the terms hereof and if promptly confirmed in writing, or (D) on the date five Business Days after dispatch by registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.1 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.1.

SECTION 9.2. *Survival of Agreement.* All representations and warranties made hereunder and in any certificate delivered pursuant hereto or in connection herewith shall be considered to have been relied upon by the Agents and the Lenders and shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder, regardless of any investigation made by the Agents or the Lenders or on their behalf.

SECTION 9.3. *Binding Effect.* This Agreement shall be binding upon and inure to the benefit of each Borrower, each Agent and each Lender and their respective successors and assigns, except that Viacom shall not have the right to assign its rights or obligations hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 9.4. *Successors and Assigns.* (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of each Borrower, any Agent or any Lender that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment or Swingline Commitment and the Loans at the time owing to it); *provided, however*, that (i) except in the case of an assignment to a Lender or a Lender Affiliate (other than if at the time of such assignment, such Lender or Lender Affiliate would be entitled to require any Borrower to pay greater amounts under Section 2.20(a) than if no such assignment had occurred, in which case such assignment shall be subject to the consent requirement of this clause (i)), Viacom, the Administrative Agent and each Issuing Lender must give their prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed), (ii) (x) except in the case of assignments to any Person that is a Lender prior to giving effect to such assignment, the amount of the aggregate Commitments and/or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$10,000,000 (or, if applicable, the Dollar equivalent thereof) (or such lesser amount as may be agreed by the Administrative Agent) and (y) the amount of the aggregate

such lesser amount as may be agreed by the Administrative Agent), unless (in the case of clause (x) or (y) above) the assigning Lender's Commitment and Loans (other than any Competitive Loans) are being reduced to \$0 pursuant to such assignment, (iii) the assignor and assignee shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500 and (iv) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to Section 9.4(e), from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof (or any lesser period to which the Administrative Agent and Viacom may agree), (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto (but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.20 and 9.5, as well as to any Fees accrued for its account hereunder and not yet paid)). Notwithstanding the foregoing, any Lender or Issuing Lender assigning its rights and obligations under this Agreement may maintain any Competitive Loans or Letters of Credit made or issued by it outstanding at such time, and in such case shall retain its rights hereunder in respect of any Loans or Letters of Credit so maintained until such Loans or Letters of Credit have been repaid or terminated in accordance with this Agreement.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim created by such assigning Lender; (ii) except as set forth in clause (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other instrument or document furnished pursuant hereto, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto or the financial condition of Viacom or any of its Subsidiaries or the performance or observance by Viacom or any of its Subsidiaries of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Sections 3.2 and 5.1 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Lender or any other Agent or Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in

accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent, acting for this purpose as agent of each Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive in the absence of manifest error and each Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above and, if required, the written consent of Viacom, the Administrative Agent and each Issuing Lender to such assignment, the Administrative Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to Viacom.

(f) Each Lender may without the consent of any Borrower, the Agents or any Issuing Lender sell participations to one or more banks, other financial institutions or other entities (*provided*, that any such other entity is not a competitor of Viacom or any Affiliate of Viacom) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); *provided, however*, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks, financial institutions or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.15, 2.16 and 2.20 to the same extent as if they were Lenders (*provided*, that additional amounts payable to any Lender pursuant to Section 2.20 shall be determined as if such Lender had not sold any such participations) and (iv) the Borrowers, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of each Borrower relating to the Loans and the Letters of Credit and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable hereunder or the amount of principal or the rate at which interest is payable on the Loans or LC Disbursements, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans or LC Disbursements or of LC Fees or Facility Fees, increasing the amount of or extending the Commitments or releasing the guarantee contained in Section 8.1 or 8.2 (except in accordance with Section 8.2(g)), in each case to the extent the relevant participant is directly affected thereby).

assignee or participant or proposed assignee or participant any information relating to any Borrower furnished to such Lender by or on behalf of such Borrower; *provided*, that, prior to any such disclosure of information designated by such Borrower as confidential, each such assignee or participant or proposed assignee or participant shall execute a Confidentiality Agreement whereby such assignee or participant shall agree (subject to the exceptions set forth therein) to preserve the confidentiality of such confidential information. A copy of each such Confidentiality Agreement executed by an assignee shall be promptly furnished to Viacom. It is understood that confidential information relating to the Borrowers would not ordinarily be provided in connection with assignments or participations of Competitive Loans.

(h) Notwithstanding the limitations set forth in paragraph (b) above, (i) any Lender may at any time assign or pledge all or any portion of its rights under this Agreement to a Federal Reserve Bank and (ii) any Lender which is a "fund" may at any time assign or pledge all or any portion of its rights under this Agreement to secure such Lender's indebtedness, in each case without the prior written consent of any Borrower, the Administrative Agent or any Issuing Lender; *provided*, that each such assignment shall be made in accordance with applicable law and no such assignment shall release a Lender from any of its obligations hereunder. In order to facilitate any such assignment, each Borrower shall, at the request of the assigning Lender, duly execute and deliver to the assigning Lender a registered promissory note or notes evidencing the Loans made to such Borrower by the assigning Lender hereunder.

(i) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Bank") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Bank to the Administrative Agent and the relevant Borrower, the option to provide to such Borrower all or any part of any Loan that such Granting Bank would otherwise be obligated to make to such Borrower pursuant to this Agreement; *provided*, that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Bank shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Loan were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section, any SPC may (i) with notice to, but without the prior written consent of, the relevant Borrower, the Administrative Agent and the Issuing Lenders and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Bank or to any financial institutions (consented to by such Borrower, the Administrative Agent and each Issuing Lender) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be

amended without the written consent of any SPC which has been identified as such by the Granting Bank to the Administrative Agent and the relevant Borrower and which then holds any Loan pursuant to this paragraph (i).

(j) Neither Viacom nor any Subsidiary Borrower shall assign or delegate any of its rights or duties hereunder without the prior consent of all the Lenders; *provided*, Viacom may assign or delegate any of its rights or duties hereunder (excepting its rights and duties pursuant to Section 8.1) to any Subsidiary Borrower and any Subsidiary Borrower may assign or delegate any of its rights or duties hereunder to Viacom or (excepting Viacom International's rights and duties pursuant to 8.2) to any other Subsidiary Borrower, in each case without the prior consent of the Lenders unless such assignment would adversely affect the Lenders; *provided, further*, Viacom may and any Subsidiary Borrower may assign or delegate any of its rights and duties hereunder pursuant to a merger or consolidation permitted by Section 5.4(b) or (d) without the prior consent of the Lenders.

SECTION 9.5. Expenses; Indemnity. (a) Viacom agrees to pay all reasonable legal and other out-of-pocket expenses incurred by JPMorgan Securities Inc., in its capacity as a Joint Lead Arranger and in its capacity as Sole Bookrunner, and by the Administrative Agent and their respective affiliates in connection with the preparation, negotiation, execution and delivery of this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof (whether or not the transactions hereby contemplated shall be consummated) or incurred by any Agent, any Lender or any Issuing Lender in connection with the enforcement or protection of the rights of the Agents, the Lenders or the Issuing Lenders under this Agreement or in connection with the Loans made or the Letters of Credit issued hereunder, including, without limitation, the reasonable fees, charges and disbursements of Hughes Hubbard & Reed LLP, counsel for JPMorgan Securities Inc., in its capacity as a Joint Lead Arranger and in its capacity as Sole Bookrunner, and the Administrative Agent, and, in connection with any such enforcement or protection, the reasonable fees, charges and disbursements of any other counsel for any Agent, Lender or Issuing Lender.

(b) Viacom agrees to indemnify and hold harmless each Agent, each Lender, each Issuing Lender and each of their respective directors, officers, employees, affiliates and agents (each, an "Indemnified Person") against, and to reimburse each Indemnified Person, upon its demand, for, any losses, claims, damages, liabilities or other expenses ("Losses"), to which such Indemnified Person becomes subject insofar as such Losses arise out of or in any way relate to or result from (i) the execution or delivery of this Agreement, any Letter of Credit or any agreement or instrument contemplated hereby (and any amendment hereto or thereto), the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby or (ii) the use (or proposed use) of the proceeds of the Loans or other extensions of credit hereunder, including, without limitation, Losses consisting of reasonable legal, settlement or other expenses incurred in connection with investigating, defending or participating in any legal proceeding relating to any of the foregoing (whether or not such Indemnified Person is a party thereto); *provided*, that the foregoing will not apply to any Losses to which an Indemnified Person becomes subject to the extent they are found by a final decision of a court of

information or other materials obtained through electronic, telecommunications or other information transmission systems (*provided*, that the foregoing will not apply to any Losses to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person).

(c) The provisions of this Section 9.5 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any investigation made by or on behalf of any Agent or Lender. All amounts under this Section 9.5 shall be payable on written demand therefor.

SECTION 9.6. *Right of Setoff.* If an Event of Default shall have occurred and be continuing, each Agent and each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent or Lender to or for the credit or the account of any Borrower against any of and all the obligations of such Borrower now or hereafter existing under this Agreement or the Administrative Agent Fee Letter held by such Agent or Lender which shall be due and payable. The rights of each Agent and each Lender under this Section 9.6 are in addition to other rights and remedies (including other rights of setoff) which such Agent or Lender may have.

SECTION 9.7. *APPLICABLE LAW.* THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.8. *Waivers; Amendment.* (a) No failure or delay of any Agent, any Issuing Lender or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agents, the Issuing Lenders and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Borrower from any such provision shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower in any case shall entitle any Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement in writing entered into by the Borrowers and the Required Lenders; *provided, however*, that no such agreement shall (i) reduce the amount or extend the scheduled date of maturity of any Loan or of any installment thereof, or reduce the stated amount of any LC Disbursement, interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Commitment of any Lender, in each case without the prior written consent of each Lender directly affected thereby; (ii) amend, modify or waive any provision of this Section 9.8(b), or

reduce the percentage specified in the definition of “*Required Lenders*”, release the guarantee contained in Section 8.1 or 8.2 (except in accordance with Section 8.2(g)) or consent to the assignment or delegation by Viacom or any Subsidiary Borrower of any of its rights and obligations under this Agreement (except (A) by Viacom (excepting its rights and duties pursuant to Section 8.1) to any Subsidiary Borrower or (B) by any Subsidiary Borrower to Viacom or (excepting Viacom International’s rights and duties pursuant to Section 8.2) to any other Subsidiary Borrower and as set forth in Section 9.4(j)), in each case without the prior written consent of all the Lenders; (iii) amend, modify or waive Section 2.17(a) in a manner that would alter the *pro rata* allocation of payments required thereby without the prior written consent of all the Lenders; or (iv) amend, modify or waive any provision of Article VII without the prior written consent of each Agent affected thereby; *provided, further* that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Swingline Lenders or the Issuing Lenders hereunder in such capacity without the prior written consent of the Administrative Agent, each Swingline Lender directly affected thereby or each Issuing Lender directly affected thereby, as the case may be.

SECTION 9.9. *Entire Agreement.* This Agreement (together with the Issuing Lender Agreements, the Subsidiary Borrower Designations and the Subsidiary Borrower Requests) constitutes the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 9.10. *Waiver of Jury Trial.* Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 9.10.

SECTION 9.11. *Severability.* In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.12. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 9.3.

SECTION 9.13. *Headings.* Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and

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are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.14. *Jurisdiction; Consent to Service of Process.* (a) Each Borrower hereby irrevocably and unconditionally submits, for itself and its Property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each Subsidiary Borrower designates and directs Viacom at its offices at 1515 Broadway, New York, New York 10036, as its agent to receive service of any and all process and documents on its behalf in any legal action or proceeding referred to in this Section 9.14 in the State of New York and agrees that service upon such agent shall constitute valid and effective service upon such Subsidiary Borrower and that failure of Viacom to give any notice of such service to any Subsidiary Borrower shall not affect or impair in any way the validity of such service or of any judgment rendered in any action or proceeding based thereon. Nothing in this Agreement shall affect any right that any Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Borrower or its Properties in the courts of any jurisdiction.

(b) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.1. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.15. *Confidentiality.* (a) Each Lender agrees to keep confidential and not to disclose (and to cause its affiliates, officers, directors, employees, agents and representatives to keep confidential and not to disclose) and, at the request of Viacom (except as provided below or if such Lender is required to retain any Confidential Information (as defined below) pursuant to customary internal or banking practices, bank regulations or applicable law), promptly to return to Viacom or destroy the Confidential Information and all copies thereof, extracts therefrom and analyses or other materials based thereon, except that such Lender shall be permitted to disclose Confidential Information (i) to such of its officers, directors, employees, agents, affiliates and representatives as need to know such Confidential Information in connection with such Lender's participation in this Agreement, each of whom shall be informed by such Lender of the confidential nature of the Confidential Information and shall agree to be bound by the terms of this Section 9.15; (ii) to the extent required by applicable laws and

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regulations or by any subpoena or similar legal process or requested by any Governmental Authority or agency having jurisdiction over such Lender; *provided, however,* that, except in the case of disclosure to bank regulators or examiners in accordance with customary banking practices, if legally permitted written notice of each instance in which Confidential Information is required or requested to be disclosed shall be furnished to Viacom not less than 30 days prior to the expected date of such disclosure or, if 30 days' notice is not practicable under the circumstances, as promptly as practicable under the circumstances; (iii) to the extent such Confidential Information (A) is or becomes publicly available other than as a result of a breach of this Agreement, (B) becomes available to such Lender on a non-confidential basis from a source other than a party to this Agreement or any other party known to such Lender to be bound by an agreement containing a provision similar to this Section 9.15 or (C) was available to such Lender on a non-confidential basis prior to this disclosure to such Lender by a party to this Agreement or any other party known to such Lender to be bound by an agreement containing a provision similar to this Section 9.15; (iv) as permitted by Section 9.4(g); or (v) to the extent Viacom shall have consented to such disclosure in writing. As used in this Section 9.15, "*Confidential Information*" shall mean any materials, documents or information furnished by or on behalf of any Borrower in connection with this Agreement designated by or on behalf of such Borrower as confidential.

(b) Each Lender (i) agrees that, except to the extent the conditions referred to in subclause (A), (B) or (C) of clause (iii) of paragraph (a) above have been met and as provided in paragraph (c) below, (A) it will use the Confidential Information only in connection with its participation in this Agreement and (B) it will not use the Confidential Information in connection with any other matter or in a manner prohibited by any law, including, without limitation, the securities laws of the United States and (ii) understands that breach of this Section 9.15 might seriously prejudice the interest of the Borrowers and that the Borrowers are entitled to equitable relief, including an injunction, in the event of such breach.

(c) Notwithstanding anything to the contrary contained in this Section 9.15, each Agent and each Lender shall be entitled to retain all Confidential Information for so long as it remains an Agent or a Lender to use solely for the purposes of servicing the credit and protecting its rights hereunder.

SECTION 9.16. *Waiver of Notice of Termination Period.* By its execution of this Agreement, each Lender hereby waives any right to notice of termination, or any notice period with respect to the termination, of any Existing Credit Agreement that such Lender may have had under such Existing Credit Agreement.

SECTION 9.17. *Consent to Amendment to Existing \$1.5 Billion Five-Year Credit Agreement.* By its execution of this Agreement, each Lender hereby consents to and approves Amendment No. 3 to the Existing \$1.5 Billion Five-Year Credit Agreement, the form of which is attached hereto as Exhibit G, and hereby authorizes JPMorgan Chase Bank, in its capacity as Administrative Agent under the Existing \$1.5 Billion Five-Year Credit Agreement, to execute such Amendment No. 3 on behalf of such Lender.

[Remainder of the page left blank intentionally; Signature page to follow.]

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

VIACOM INC.

By: /s/ ROBERT G. FREEDLINE
Name: Robert G. Freedline
Title: Senior Vice President and Treasurer

VIACOM INTERNATIONAL INC.

By: /s/ ROBERT G. FREEDLINE
Name: Robert G. Freedline
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, as
Administrative Agent and as a Lender

By: /s/ THOMAS H. KOZLARK
Name: Thomas H. Kozlark
Title: Vice President

CITIBANK, N.A., as Syndication Agent
and as a Lender

By: /s/ CAROLYN A. KEE
Name: Carolyn A. Kee
Title: Vice President

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BANK OF AMERICA, N.A., as Co-Documentation
Agent and as a Lender

By: /S/ THOMAS J. KANE
Name: Thomas J. Kane
Title: Principal

DEUTSCHE BANK SECURITIES, INC., as
Co-Documentation Agent

By: /s/ PETER ESCHMANN
Name: Peter Eschmann
Title: Vice President

By: /s/ WILLIAM W. MCGINTY
Name: William W. McGinty
Title: Director

THE BANK OF TOKYO-MITSUBISHI, LTD., NEW
YORK BRANCH, as Co-Documentation Agent and
as a Lender

By: /s/ LINDA TAM
Name: Linda Tam
Title: Authorized signatory

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Lenders

DEUTSCHE BANK AG, NEW YORK BRANCH, as
a Lender

By: /s/ DAVID G. DICKINSON, JR.
Name: David G. Dickinson, Jr.
Title: Director

By: /s/ WILLIAM W. MCGINTY
Name: William W. McGinty
Title: Director

BARCLAYS BANK PLC, as a Lender

By: /s/ L. PETER YETMAN
Name: L. Peter Yetman
Title: Director

SUMITOMO MITSUI BANKING CORPORATION,
as a Lender

By: /s/ LEO E. PAGARIGAN
Name: Leo G. Pagarigan
Title: Senior Vice President

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MIZUHO CORPORATE BANK, LTD., as a Lender

By: /s/ MARK GRONICH
Name: Mark Gronich
Title: Vice President

THE BANK OF NEW YORK, as a Lender

By: /s/ CYNTHIA L. ROGERS
Name: Cynthia L. Rogers
Title: Vice President

WESTLB AG, as a Lender

By: /s/ LUCIE L. GUERNSEY
Name: Lucie L. Guernsey
Title: Executive Director

By: /s/ RICHARD J. PEARSE
Name: Richard J. Pearse

Title: Executive Director

ABN AMRO BANK N.V., as a Lender

By: /s/ FRANCES O'R. LOGAN

Name: Frances O'R. Logan

Title: Managing Director

By: SHILPA PARANDEKAR

Name: Shilpa Parandekar

Title: Vice President

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BANK ONE, NA, as a Lender

By: /s/ JOHN E. GLISSON

Name: John E. Glisson

Title: Associate Director

DRESDNER BANK A.G., NEW YORK AND
GRAND CAYMAN BRANCHES, as a Lender

By: /s/ BRIAN SMITH

Name: Brian Smith

Title: Director

By: /s/ BRIAN SCHNEIDER

Name: Brian Schneider

Title: Vice President

FLEET NATIONAL BANK, as a Lender

By: /s/ LAURA NEENAN

Name: Laura Neenan

Title: Vice President

LEHMAN BROTHERS BANK, FSB, as a Lender

By: /S/ GARY TAYLOR

Name: Gary Taylor

Title: Vice President

MELLON BANK, N.A., as a Lender

By: /s/ THOMAS J. TARASOVICH, JR.

Name: Thomas J. Tarasovich, Jr.

Title: Assistant Vice President

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MERRILL LYNCH BANK USA, as a Lender

By: /s/ LOUIS ALDER

Name: Louis Alder

Title: Director

THE ROYAL BANK OF SCOTLAND PLC, as a Lender

By: /s/ DAVID A. LUCAS
Name: David A. Lucas
Title: Senior Vice President

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ BRENDA S. INSULL
Name: Brenda S. Insull
Title: Authorized Signatory

UBS LOAN FINANCE LLC, as a Lender

By: /s/ WILFRED V. SAINT
Name: Wilfred V. Saint
Title: Associate Director
Banking Products Services, US

By: /s/ JUAN ZOOLGA
Name: Juan Zoolga
Title: Associate Director
Banking Products Services, US

WACHOVIA BANK, N.A., as a Lender

By: /s/ RUSSELL J. LYONS
Name: Russell J. Lyons
Title: Vice President

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CREDIT SUISSE FIRST BOSTON acting through its
CAYMAN ISLANDS BRANCH, as a Lender

By: /s/ BILL O'DALY
Name: Bill O'Daly
Title: Director

By: /s/ CASSANDRA DROOGAN
Name: Cassandra Droogan
Title: Associate

LLOYDS TSB BANK PLC, as a Lender

By: /s/ RICHARD M. HEATH
Name: Richard M. Heath
Title: Vice President, Corporate Banking

By: /s/ PETER T. DOYLE
Name: Peter T. Doyle
Title: Vice President, Corporate Banking

SOCIETE GENERALE, as a Lender

By: /s/ ELAINE KHALIL
Name: Elaine Khalil
Title: Director

UFJ BANK LIMITED, as a Lender

By: /s/ RUSSELL BOHNER
Name: Russell Bohner
Title: Vice President

NATIONAL AUSTRALIA BANK LIMITED, as a
Lender

By: /s/ EDUARDO SALAZAR

Name: Eduardo Salazar

Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION, as a
Lender

By: /s/ THOMAS G. GUNDER

Name: Thomas G. Gunder

Title: Vice President

VIACOM INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND
PREFERRED STOCK DIVIDEND REQUIREMENTS
(In millions except ratios)

	Twelve Months Ended December 31,				
	2003	2002	2001	2000	1999
Earnings (loss) before income taxes	\$ 2,861.2	\$ 3,734.2	\$ 776.3	\$ 560.6	\$ 780.0
Add:					
Distributions from affiliated companies	37.7	39.7	55.6	48.3	26.4
Interest expense, net of capitalized interest	774.9	847.2	968.6	821.8	448.9
Capitalized interest amortized	—	—	—	2.2	5.7
¹ / ₃ of rental expense	332.6	317.2	332.5	279.4	200.6
Total Earnings	\$ 4,006.4	\$ 4,938.3	\$ 2,133.0	\$ 1,712.3	\$ 1,461.6
Fixed charges:					
Interest expense, net of capitalized interest	\$ 774.9	\$ 847.2	\$ 968.6	\$ 821.8	\$ 448.9
¹ / ₃ of rental expense	332.6	317.2	332.5	279.4	200.6
Total fixed charges	\$ 1,107.5	\$ 1,164.4	\$ 1,301.1	\$ 1,101.2	\$ 649.5
Preferred Stock dividend requirements	—	—	—	—	0.8
Total fixed charges and Preferred Stock dividend requirements	\$ 1,107.5	\$ 1,164.4	\$ 1,301.1	\$ 1,101.2	\$ 650.3
Ratio of earnings to fixed charges	3.6x	4.2x	1.6x	1.6x	2.3x
Ratio of earnings to combined fixed charges and Preferred Stock dividend requirements	3.6x	4.2x	1.6x	1.6x	2.2x

Subsidiaries of Viacom Inc. are listed below.

Subsidiary Name	Place of Incorporation or Organization
<hr/>	
1020917 Ontario Inc.	Canada (Ontario)
13 Radio Corporation	Delaware
1554994 Ontario Inc.	Canada (Ontario)
176309 Canada Inc.	Canada (Federal)
2 Day Video, Inc. of Georgia	Georgia
24th Floor Inc.	Canada (Ontario)
2gether Productions Inc.	Canada (B.C.)
37th Floor Productions Inc.	Delaware
38th Floor Productions Inc.	Delaware
4400 Productions Inc.	Canada (B.C.)
5555 Communications Inc.	Delaware
559733 British Columbia Ltd.	Canada (B.C.)
730806 Alberta Ltd.	Canada (Alberta)
730995 Ontario Inc.	Canada (Ontario)
779991 Ontario Inc.	Canada (Ontario)
90210 Productions, Inc.	California
950931 Ontario Inc.	Canada (Ontario)
A.S. Payroll Company	California
Aaron Spelling Productions, Inc.	California
Abaco Farms, Limited	Bahamas
Addax Music Co., Inc.	Delaware
Administradora de Anuncios Comerciales, S.A.de C.A.	Mexico
Aetrax International Corporation	Delaware
After School Productions Inc.	Delaware
Agency Films Inc.	Canada (Ontario)
Ages Electronics, Inc.	Delaware
Ages Entertainment Software, Inc.	Delaware
Ainsa de Mexico, S.A. de C.V.	Mexico
Alfie Films Inc.	Canada (Ontario)
All Media Inc.	Delaware
Alspec B.V.	Netherlands
ALTSIM Inc.	Delaware
Amadea Film Productions, Inc.	Texas
Amanda Productions Inc.	Canada (Ontario)
Amazing Race Productions Inc.	Delaware
Ananda Lewis Show Inc., The	California
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Anastasia Advertising Art, Inc.	Florida
Animated Productions Inc.	Delaware
Antics G.P. Inc.	Delaware
Antics Inc.	Delaware
A-R Acquisition Corp.	Delaware
Ardnasillagh Ltd.	United Kingdom
Are We Having Fun Yet? Productions	Canada (B.C.)
Around the Block Productions, Inc.	Delaware
Artcraft Productions Inc.	Delaware
Aspenfair Music, Inc.	California
Atlanta Bus Shelters	Georgia
Atlantic Associates, Inc.	Delaware
Atlantic Prospect, Inc.	New York
ATR Films Inc.	Canada (Ontario)
Audio House, Inc., The	California
Avery Productions Inc.	Delaware
BAPP Acquisition Corp.	Delaware
Bardwire Inc.	Delaware
Bay County Energy Systems, Inc.	Delaware
Bay Resource Management, Inc.	Delaware
Belhaven Limited	Bahamas
BET Acquisition Corp.	Delaware
BET Animations, LLC	Delaware
BET Arabesque, LLC	Delaware
BET Comic View, LLC	Delaware
BET Creations, Inc.	Delaware
BET Development Company	Delaware
BET Documentaries, LLC	Delaware

BET Event Productions, LLC	Delaware
BET Grilled, LLC	Delaware
BET Holdings Inc.	Delaware
BET Innovations Publishing, Inc.	Delaware
BET International, Inc.	Delaware
BET Live From LA, LLC	Delaware
BET Live Production, LLC	Delaware
BET Music Soundz, Inc.	Delaware
BET Oh Drama!, LLC	Delaware
BET Pictures II Development & Production, Inc.	Delaware
BET Pictures II Distribution, Inc.	Delaware
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BET Pictures II, LLC	Delaware
BET Productions II Inc.	Delaware
BET Publications, LLC	Delaware
BET Radio, L.L.C.	Delaware
BET Satellite Services, Inc.	Delaware
BET Services, Inc.	Washington D.C.
BET Sheryl & Friends, LLC	Delaware
BET Television Productions, LLC	Delaware
BET The Way We Do It, LLC	Delaware
Beta Theatres Inc.	Delaware
Beverlyfax Music, Inc.	California
Big Shows Inc.	Delaware
Big Ticket Music Inc.	Delaware
Big Ticket Pictures Inc.	Delaware
Big Ticket Productions Inc.	Delaware
Big Ticket Television Inc.	Delaware
Black Entertainment Television, Inc.	Washington D.C.
Black Rock Enterprises, Inc.	New York
Blackout Productions Inc.	Delaware
Blockbuster Amphitheater Corporation	Delaware
Blockbuster Argentina, S. de R.L. de C.V.	Argentina
Blockbuster Argentina, S.A.	Argentina
Blockbuster Australia Pty Ltd.	Australia
Blockbuster BEI Taiwan Ltd.	Taiwan
Blockbuster Canada Co.	Canada (Nova Scotia)
Blockbuster Canada Inc.	Delaware
Blockbuster Computer Systems Corporation	Florida
Blockbuster de Mexico, S.A. de C.V.	Mexico
Blockbuster Distribution, Inc.	Delaware
Blockbuster Entertainment (Ireland) Ltd.	Ireland
Blockbuster Entertainment Corporation	Delaware
Blockbuster Entertainment Limited	United Kingdom
Blockbuster Express (Scotland) Ltd.	United Kingdom
Blockbuster Express Limited	United Kingdom
Blockbuster Global Services Inc.	Delaware
Blockbuster Holdings Ireland Limited	Ireland
Blockbuster Hong Kong Limited	Hong Kong
Blockbuster Inc.	Delaware
Blockbuster International Spain Inc.	Delaware
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Blockbuster International Taiwan B.V.	Netherlands
Blockbuster Investments LLC	Delaware
Blockbuster Ireland Ltd.	Ireland
Blockbuster Italia SpA	Italy
Blockbuster Limited Partner Holdings LLC	Delaware
Blockbuster Polska Sp.z.o.o.	Poland
Blockbuster SC Video Operating Corporation	Delaware
Blockbuster Texas LP	Delaware
Blockbuster UK Limited	United Kingdom
Blockbuster Uruguay Limitada	Uruguay
Blockbuster Video Danmark A/S	Denmark
Blockbuster Video España, SL	Spain
Blockbuster Video International Corporation (Chile) Ltda.	Chile
Blockbuster Video Italy, Inc.	Delaware
Blockbuster Video Superstores (Australia) Pty Limited	Australia
Blue Cow Inc.	Delaware
BN Productions Inc.	Delaware
Bombay Hook Limited	Delaware
Bonneville Wind Corporation	Utah
Box Italy LLC, The	Delaware
Box Worldwide LLC, The	Delaware
Brady Productions Inc.	Canada (Ontario)
Branded Productions Inc.	California
Bronson Gate Film Management GmbH	Germany

Bruin Music Company	Delaware
Butterick Road Productions Inc.	Canada (Ontario)
C & W Land Corporation	New Jersey
C-28 FCC Licensee Subsidiary, LLC	Delaware
C-34 FCC Licensee Subsidiary, LLC	Delaware
Cania Productions Inc.	Canada (Ontario)
Capital Equipment Leasing Limited	United Kingdom
Caroline Film Productions, Inc.	California
CATV Enterprises, Inc.	New York
CBS Broadcast International Asia Inc.	New York
CBS Broadcast International of Canada, Ltd.	Canada (Federal)
CBS Broadcast Services, Ltd.	England
CBS Broadcasting Inc.	New York
CBS Cable Networks, Inc.	Delaware
CBS Canada Co.	Canada (Nova Scotia)
CBS Dallas Media, Inc.	Delaware
CBS Dallas Ventures, Inc.	Texas
CBS FMX Stereo, Inc.	New York
CBS Mass Media Corporation	Delaware
CBS News Communications Inc.	New York
CBS Overseas Inc.	New York
CBS Services Inc.	Delaware
CBS Sports Asia Inc.	New York
CBS Stations Group of Texas L.P.	Texas
CBS Survivor Productions, Inc.	Delaware
CBS Technology Corporation	Delaware
CBS TeleNoticias do Brasil Ltda.	Brazil
CBS Television Stations Inc.	Delaware
CBS Worldwide Inc.	Delaware
Central Fidelity Insurance Company	Vermont
Centro de Productos de Mexico S.A. de C.V.	Mexico
Centurion Satellite Broadcast Inc.	Delaware
Century Entertainment Ltd.	United Kingdom
CG Films Inc.	Canada (Ontario)
Channel 28 Television Station, Inc.	Delaware
Channel 34 Television Station, Inc.	Delaware
Charlotte Amphitheater Corporation	Delaware
Chartbusters (NI) Ltd.	Northern Ireland
Chazo Productions Inc.	Delaware
CI Productions Inc.	Canada (B.C.)
Cinema Dominicana S.A.	Dominican Republic
Cinematic Arts B.V.	Netherlands
City Outdoor Levante S.R.L.	Italy
City Outdoor S.R.L.	Italy
Cityvision Investments Ltd.	United Kingdom
Cityvision Limited	United Kingdom
Classless Inc.	Delaware
Climate Productions Inc.	Canada (Ontario.)
Cloverleaf Productions Inc.	Delaware
CMT Productions Inc.	Delaware
Columbia Television, Inc.	New York
Columbus Circle Films Inc.	Delaware
Comedy Partners	Delaware
Communities IP Holdings, Inc.	Delaware
Communities LP Holdings, Inc.	Delaware
Compelling Music Corporation	California
Core Productions Inc.	Canada (B.C.)
Country Entertainment, Inc.	Delaware
Country Music Television, Inc.	Tennessee
Country Network Enterprises, Inc.	Delaware
country.com, Inc.	Delaware
Cover Productions Inc.	California
Cradle of Life Productions LLC	Delaware
CVV (Japan) B.V.	Netherlands
D.E.J. Productions Inc.	Delaware
Danielle Productions LLC	Delaware
DC Films Inc.	Canada (B.C.)
Defenders Productions Inc.	Canada (Ontario)
Delaware Blue Steel Inc.	Delaware
Delaware Resource Beneficiary, Inc.	Delaware
Delaware Resource Lessee Trust	Delaware
Delaware Resource Management, Inc.	Delaware
Design-Graphics, Inc.	Florida
Desilu Productions, Inc.	Delaware

DIGICO Inc.	Delaware
Direcorp, S.A. de C.V.	Mexico
Direct Court Productions, Inc.	Delaware
Direct Production Group Inc.	Delaware
DTE Films LLC	Delaware
Dutchess Resource Management, Inc.	Delaware
Dynamic Soap, Inc.	California
Eagle Direct Inc.	Delaware
Effect Media Buitenreclame B.V.	Netherlands
Effect Media Vervoersreclame B.V.	Netherlands
Eighth Century Corporation	Delaware
Elite Productions Inc.	Delaware
Elysium Productions Inc.	Delaware
Emily Productions LLC	Delaware
Energy Development Associates, Inc.	Delaware
Ensign Music Corporation	Delaware
EPI Music Company	California
Erica Film Productions, Inc.	California
Etablissements Pegouret SA	France
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ET Media Group Inc.	Delaware
Evergreen Programs, Inc.	New York
EWB Corporation	Delaware
Eye Explorations Inc.	Delaware
Eye Net Works Inc.	Delaware
Eye Productions Inc.	Delaware
Famous Music Corporation	Delaware
Famous Music Publishing Germany GmbH & Co KG	Germany
Famous Music Publishing Limited	United Kingdom
Famous Orange Productions Inc.	Delaware
Famous Players Films Inc.	Canada (Federal)
Famous Players International B.V.	Netherlands
Famous Players Investments B.V.	Netherlands
Famous Players Media Inc.	Canada (Ontario)
Famous Music Publishing France SARL	France
Festival Inc.	Delaware
Film Intex Corporation	Delaware
Filmcraft Productions Inc.	Delaware
Films Paramount S.A.	France
Focus Video Pty. Ltd.	Australia
Forty-Fourth Century Corporation	Delaware
Four Crowns, Inc.	Delaware
French Street Management Inc.	Delaware
Fried Worms Productions Inc.	Delaware
Front Street Management Inc.	Delaware
Futa B.V.	Netherlands
Future General Corporation	Delaware
G & W Leasing Company	Delaware
Games Animation Inc.	Delaware
Games Brands Inc.	Delaware
Games Exchange Inc.	Delaware
Games Productions Inc.	Delaware
Games Station Limited	United Kingdom
Gamestation Limited	United Kingdom
Gateway Fleet Company	Delaware
GC Productions Inc.	Delaware
GFB Production Inc.	Canada (Ontario)
Giraudy Viacom Outdoor S.A.	France
Gladwin of Indiana, Inc.	Indiana
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GLD Holdings L.L.C.	Delaware
Glendale Property Corp.	Delaware
Global Film Distributors B.V.	Netherlands
Glory Productions Inc.	Delaware
GNS Productions Inc.	Delaware
Go Outdoor Systems Holdings S.A.	France
Golden Communications, Inc.	Michigan
Gorgen, Inc.	California
Grace Productions LLC	Delaware
Grammar Productions Inc.	Delaware
Gramps Company, Inc., The	Delaware
Granite Productions, Inc.	California
Great American Entertainment Motion Pictures, Inc.	California
Great American Entertainment Television, Inc.	California
Green Tiger Press, Inc.	California
GS Films Inc.	Canada (Ontario)

Gulf & Western do Brasil Limitada	Brazil
Gulf & Western Indonesia, Inc.	Delaware
Gulf & Western International N.V.	Netherlands Antilles
Gulf & Western Limited	Bahamas
Hamilton Projects, Inc.	New York
Haunted Productions Inc.	Canada (B.C.)
Heartland Productions Inc.	Canada (Alberta)
Hemisphere Broadcasting Corporation	Delaware
HFM Productions Inc.	Canada (Ontario)
Hit Radio, Inc.	New York
House of Yes Productions Inc.	Delaware
HTL Productions Inc.	Canada (Ontario)
Image Edit, Inc.	Delaware
Imagine Radio, Inc.	California
IMR Acquisition Corp.	Delaware
INFCO Network Inc.	Delaware
Infinity Broadcasting Corporation	Delaware
Infinity Broadcasting Corporation of Atlanta	Delaware
Infinity Broadcasting Corporation of Baltimore	New York
Infinity Broadcasting Corporation of Boston	Delaware
Infinity Broadcasting Corporation of Chesapeake	Delaware
Infinity Broadcasting Corporation of Chicago	Delaware
Infinity Broadcasting Corporation of Dallas	Delaware
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Infinity Broadcasting Corporation of Detroit	Delaware
Infinity Broadcasting Corporation of Florida	Delaware
Infinity Broadcasting Corporation of Ft. Worth	Delaware
Infinity Broadcasting Corporation of Glendale	Delaware
Infinity Broadcasting Corporation of Illinois	Delaware
Infinity Broadcasting Corporation of Los Angeles	Delaware
Infinity Broadcasting Corporation of Maryland	Delaware
Infinity Broadcasting Corporation of Michigan	Delaware
Infinity Broadcasting Corporation of Northern California	Delaware
Infinity Broadcasting Corporation of Philadelphia	Delaware
Infinity Broadcasting Corporation of San Antonio	Texas
Infinity Broadcasting Corporation of San Francisco	Delaware
Infinity Broadcasting Corporation of Tampa	Delaware
Infinity Broadcasting Corporation of Texas	Delaware
Infinity Broadcasting Corporation of Washington	Delaware
Infinity Broadcasting Corporation of Washington, D.C.	Delaware
Infinity Broadcasting East Holdings Corporation	Delaware
Infinity Broadcasting East Inc.	Delaware
Infinity Broadcasting Partner I Inc.	Delaware
Infinity Broadcasting Radio Tower Inc.	Delaware
Infinity Holdings Corp. of Chesapeake	Delaware
Infinity Holdings Corp. of Ft. Worth	Delaware
Infinity Holdings Corp. of Massachusetts	Delaware
Infinity Holdings Corp. of Orlando	Delaware
Infinity KFRC-FM, Inc.	Delaware
Infinity KOAI-FM Holdings Corporation	Delaware
Infinity KOAI-FM Licensee Corporation	Delaware
Infinity KOAI-FM, Inc.	Delaware
Infinity Media Corporation	Delaware
Infinity Network, Inc.	Delaware
Infinity of Ft. Worth Licensee Corporation	Delaware
Infinity Outdoor of Florida Holding Co.	Delaware
Infinity Outdoor of Florida, Inc.	Florida
Infinity Promotions Group Inc.	Delaware
Infinity Radio Holdings, Inc.	Virginia
Infinity Radio Inc.	Delaware
Infinity Radio of Cleveland Inc.	Delaware
Infinity Radio of Portland Inc.	Delaware
Infinity Radio of Sacramento Inc.	Pennsylvania
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Infinity Radio of San Jose Inc.	California
Infinity Technical Services Inc.	Delaware
Infinity Texas Partner II Inc.	Delaware
Infinity Ventures, Inc.	Delaware
Infinity WLIF, Inc.	Maryland
Infinity WLIF-AM, Inc.	Maryland
Infinity WOAZ-FM, Inc.	Massachusetts
Infinity WPGC (AM), Inc.	Delaware
Inside Edition Inc.	New York
International Overseas Film Services, Inc.	Delaware
International Overseas Productions, Inc.	California
International Raw Materials Limited	Bahamas

Intersales B.V.	Netherlands
Interstitial Programs Inc.	Delaware
Invisions Holdings B.V.	Netherlands
Irvine Games Inc.	Delaware
Irvine Games USA Inc.	Delaware
Jerry's Outdoor Advertising, Inc.	Florida
Jiffy Billboards, Inc.	Florida
Joseph Productions Inc.	Delaware
Jumbo Ticket Songs Inc.	Delaware
Just U Productions, Inc.	California
Justice Productions Inc.	Canada (Ontario)
Kindernet C.V.	Netherlands
K.W.M. Inc.	Delaware
King World Animation Inc.	California
King World Corporation	Delaware
King World Development Inc.	California
King World Direct Inc.	Delaware
King World Media Sales Inc.	Delaware
King World Merchandising, Inc.	Delaware
King World Productions, Inc.	Delaware
King World Studios West Inc.	California
King World/CC Inc.	New York
King World/LR Inc.	California
Kings Island Company	Delaware
KUTV Holdings, Inc.	Delaware
KW Development Inc.	California
KWP Studios Inc.	California
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KWTS Productions Inc.	California
L23 Productions Inc.	Canada (Ontario)
Ladies Man Productions USA Inc.	Delaware
Large Ticket Songs Inc.	Delaware
Laurel Entertainment, Inc.	Delaware
LDI Limited	United Kingdom
Level Nine Productions Inc.	Canada (B.C.)
Levitt Property Managers, Inc.	California
Lisarb Holding B.V.	Netherlands
List Productions Inc.	Canada (Ontario)
Long Road Productions	Illinois
Low Key Productions Inc.	Delaware
LS Productions Inc.	Canada (Ontario)
Maarten Investerings Partnership	New York
Magic Hour Productions, Ltd.	Canada (B.C.)
Magic Molehill Productions, Inc.	California
Magical Motion Pictures Inc.	Delaware
Magicam, Inc.	Delaware
Major Video Super Stores, Inc.	Nevada
Marathon Holdings Inc.	Delaware
Mars Film Produzione S.P.A.	Italy
Matlock Company, The	Delaware
Mattalex Corporation	Delaware
Maxim Video Leasing Limited	Northern Ireland
Maxim Video Limited	Northern Ireland
Maxmedia, Inc.	Florida
Media Trend S.R.L.	Italy
Mediamax Buitenreclame B.V.	Netherlands
Melrose Productions Inc.	California
Meredith Productions LLC	Delaware
Merlot Film Productions, Inc.	California
Merritt Inc.	Delaware
Metro Poster Advertising Ltd.	Ireland
Metrobus Advertising Limited	United Kingdom
Michaela Productions Inc.	Delaware
Mischief New Media Inc.	New York
Mobi Espace S.A.R.L.	France
Montgomery Acquisition, Inc.	Delaware
Movie Brands Inc.	Delaware
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MTV Animation Inc.	Delaware
MTV Asia Development Company Inc.	Delaware
MTV Asia LDC	Cayman Islands
MTV Asia Ownership One LDC	Cayman Islands
MTV Asia Ownership Two LDC	Cayman Islands
MTV Asia Ventures Co.	Cayman Islands
MTV Australia Inc.	Delaware
MTV Europe	Delaware

MTV Hong Kong Limited	Hong Kong
MTV India Development Company Inc.	Delaware
MTV India LDC	Cayman Islands
MTV Networks AB	Sweden
MTV Networks Argentina LLC	Delaware
MTV Networks B.V.	Netherlands
MTV Networks Belgium BVBA	Belgium
MTV Networks Company	Delaware
MTV Networks de Mexico S. de R.L. de C.V.	Mexico
MTV Networks Enterprises Inc.	Delaware
MTV Networks Europe Inc.	Delaware
MTV Networks Global Services Inc.	Delaware
MTV Networks GmbH	Germany
MTV Networks Japan B.V.	Netherlands
MTV Networks Latin America Inc.	Delaware
MTV Networks On Campus Inc.	Delaware
MTV Networks Productions B.V.	Netherlands
MTV Networks SARL	France
MTV Networks Shopping Inc.	Delaware
MTV Networks South Africa Inc.	Delaware
MTV Networks Srl	Italy
MTV Radio Productions Limited	United Kingdom
MTV Russia Holdings Inc.	Delaware
MTV SA LDC	Cayman Islands
MTV Songs Inc.	Delaware
MTV Taiwan LDC	Cayman Islands
MTVBVI Inc.	Delaware
MTVi Group, Inc., The	Delaware
MTVi Group, L.P., The	Delaware
MTVN Direct Inc.	Delaware
MTVN Networks Beteiligungen GmbH	Germany
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MTVN Networks Verwaltung GmbH	Germany
MTVN Online Inc.	Delaware
MTVN Online Partner I Inc.	Delaware
MTVN Online Partner I LLC	Delaware
MTVN Shopping Inc.	Delaware
MTVN Video Hits Inc.	Delaware
Music By Nickelodeon Inc.	Delaware
Music By Video Inc.	Delaware
N.V. Alrecon	Netherlands
Namparra Ltd.	Ireland
Nanobot Productions Inc.	Canada (Ontario)
National Advertising Company	Delaware
Navigare Projectontwikklng B.V.	Netherlands
Network Enterprises, Inc.	Tennessee
Network Talent, LLC	Tennessee
Neutronium Inc.	Delaware
New York Subways Advertising Co., Inc.	Arizona
Newdon Productions	Illinois
Nick At Nite's TV Land Retromercials Inc.	Delaware
Nickelodeon Animation Studios Inc.	Delaware
Nickelodeon Australia Inc.	Delaware
Nickelodeon Brasil Inc.	Delaware
Nickelodeon Direct Inc.	Delaware
Nickelodeon Global Network Ventures Inc.	Delaware
Nickelodeon Huggings U.K. Limited	United Kingdom
Nickelodeon International Ltd.	United Kingdom
Nickelodeon Magazines Inc.	Delaware
Nickelodeon Management Pte. Ltd.	Singapore
Nickelodeon Movies Inc.	Delaware
Nickelodeon Notes Inc.	Delaware
Nickelodeon Online Inc.	Delaware
Nicki Film Productions, Inc.	California
Night Falls Productions Inc.	Delaware
North Shore Productions Inc.	California
Now Pentagon Production Inc.	Canada (Ontario)
NTA Films, Inc.	New York
NTA, Inc.	New York
Number One FSC Ltd.	US Virgin Islands
NV Broadcasting (Canada) Inc.	Canada (Federal)
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NV International, Inc.	Georgia
O & W Corporation	Tennessee
O Good Songs Company	California
OM/TV Productions Inc.	Delaware

On-Line Subscription Services Inc.	Delaware
On-Site Productions Inc.	Delaware
OS Bus, Inc.	Georgia
OS Florida, Inc.	Florida
Oscar S.R.L.	Italy
OSI Tall Wall Media, LLC	California
Our Home Productions Inc.	Delaware
Outatown Productions Inc.	Delaware
Outdoor Communications, Inc.	Florida
Outdoor Entertainment, Inc.	Tennessee
Outdoor Furniture Nederland B.V.	Netherlands
Outdoor Images Limited	United Kingdom
Outdoor Management Network, Inc.	California
Outdoor Systems (New York), Inc.	New York
Outdoor Systems Electrical Corp.	New York
Outdoor Systems Mexico S.A. de C.V.	Mexico
Outdoor Systems, Inc.	Delaware
Overseas Services B.V.	Netherlands
Paramount (PDI) Distribution Inc.	Delaware
Paramount Advertiser Services Inc.	Delaware
Paramount Asia Inc.	Delaware
Paramount British Pictures Limited	United Kingdom
Paramount Canadian Productions, Inc.	Delaware
Paramount Comedy Channel Espana	Spain
Paramount Communications Technology Group Inc.	Delaware
Paramount Digital Entertainment Inc.	Delaware
Paramount Entertainment Services Inc.	Delaware
Paramount Film Production (Deutschland) GmbH	Germany
Paramount Films B.V.	Netherlands
Paramount Films of Australia Inc.	Delaware
Paramount Films of China, Inc.	Delaware
Paramount Films of Egypt, Inc.	Delaware
Paramount Films of India, Ltd.	Delaware
Paramount Films of Italy, Inc.	New York
Paramount Films of Lebanon, Inc.	New York
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Paramount Films of Pakistan Ltd.	New York
Paramount Films of Southeast Asia Inc.	Delaware
Paramount General Entertainment Australia Inc.	Delaware
Paramount Home Entertainment (Australasia) Pty. Ltd.	Australia
Paramount Home Entertainment (Brazil) Limitada	Brazil
Paramount Home Entertainment (Denmark) I/S	Denmark
Paramount Home Entertainment (France) S.A.S.	France
Paramount Home Entertainment (Germany) GmbH	Germany
Paramount Home Entertainment (Italy) SRL	Italy
Paramount Home Entertainment (Japan) Ltd.	Japan
Paramount Home Entertainment (Korea) Ltd	Korea
Paramount Home Entertainment (Mexico) S de RL de CV	Mexico
Paramount Home Entertainment (Mexico) Services S de RL de CV	Mexico
Paramount Home Entertainment (New Zealand) Ltd.	New Zealand
Paramount Home Entertainment (Norway) ANS	Norway
Paramount Home Entertainment (Spain) S.L.	Spain
Paramount Home Entertainment (Sweden) AB	Sweden
Paramount Home Entertainment (UK)	United Kingdom
Paramount Home Entertainment B.V.	Netherlands
Paramount Home Entertainment Inc.	Delaware
Paramount Home Entertainment International (Holdings) B.V.	Netherlands
Paramount Home Entertainment International B.V.	Netherlands
Paramount Home Entertainment International Ltd.	United Kingdom
Paramount Images Inc.	Delaware
Paramount International Netherlands B.V.	Netherlands
Paramount Italy Srl	Italy
Paramount LAPT V Inc.	Delaware
Paramount Music Corporation	Delaware
Paramount Overseas Productions, Inc.	Delaware
Paramount Parks Experience Inc.	Nevada
Paramount Parks Inc.	Delaware
Paramount Parks International B.V.	Netherlands
Paramount Pay TV Limited	United Kingdom
Paramount Pictures (Australia) Pty. Limited	Australia
Paramount Pictures (Canada) Inc.	Canada (Ontario)
Paramount Pictures Canada Distribution Inc.	Canada (Ontario)
Paramount Pictures (U.K.) Limited.	United Kingdom
Paramount Pictures Corporation	Delaware
Paramount Pictures Corporation (Canada) Inc.	Canada (Ontario)
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Paramount Production Support Inc.	Delaware
Paramount Productions Service Corporation	Delaware
Paramount Productions Inc.	Canada (Ontario)
Paramount Show Services International LDC	Cayman Islands
Paramount Television International Services, Ltd.	Bermuda
Paramount Television Limited	United Kingdom
Paramount Television Service, Inc.	Delaware
Paramount UK Partnership	United Kingdom
Paramount Worldwide Productions Inc.	Delaware
Para-Sac Music Corporation	Delaware
Park Court Productions, Inc.	Delaware
Part-Time Productions Inc.	Delaware
Paycheck Productions Inc.	Canada (B.C.)
PCI Canada Inc.	Delaware
PCI Network Partner II Inc.	Delaware
PCI Network Partner Inc.	Delaware
Peak FSC, Ltd.	Bermuda
Peanut Worm Productions Inc.	Delaware
Pentagon Productions Inc.	Canada (Ontario)
Peppercorn Productions, Inc.	Tennessee
Perfect Score Films Inc.	Canada (B.C.)
Permutation Productions Inc.	Delaware
Pet II Productions Inc.	Delaware
PF Films Inc.	Canada (Ontario)
Plakmax B.V.	Netherlands
Platinum Television Productions Inc.	Canada (Ontario)
PMV Productions Inc.	Delaware
Pocket Books of Canada Ltd.	Canada (Federal)
Pop Channel Productions Inc.	Delaware
Pop Toons Inc.	Delaware
Possum Point Incorporated	Delaware
Pottle Productions, Inc.	California
PPC Film Management GmbH	Germany
Premiere House, Inc.	Delaware
Preye, Inc.	California
Preview Investments B.V.	Netherlands
Proxy Music Corporation	California
PSG of PHA Inc.	Virginia
PT Productions Inc.	Delaware
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Publiexterior, S.A. de C.V.	Mexico
Publishing FSC Ltd.	US Virgin Islands
R.G.L. Realty Limited	United Kingdom
Radford Studio Center Inc.	California
Radio Data Group, Inc.	Virginia
Raianna Productions Inc.	Canada (Federal)
Rat Race USA Inc.	Delaware
Raven Media LLC	Delaware
Real TV Music Inc.	Delaware
Reality Check Productions Inc.	Delaware
Recovery Ventures Inc.	Delaware
Reebox Ltd.	Ireland
Remote Productions Inc.	Delaware
Republic Distribution Corporation	Delaware
Republic Entertainment Inc.	Delaware
Republic Pictures Corporation of Canada Ltd.	Canada (Ontario)
Republic Pictures Enterprises, Inc.	Delaware
Republic Pictures Netherlands Antilles N.V.	Netherlands Antilles
Republic Pictures Productions, Inc.	California
RH Productions Inc.	California
Ripple Vale Holdings, Limited	US Virgin Islands
Ritz Video Film Hire Ltd.	United Kingdom
ROA Media Corp.	Florida
Roadshow Advertising Ltd.	Ireland
Rocks, Inc.	Delaware
RR Films Inc.	Canada (Alberta)
RTV News Inc.	Delaware
RTV News Music Inc.	Delaware
RWS Productions Inc.	Canada (B.C.)
S.I.A. Societa Italiana Affissioni S.R.L.	Italy
Sagia Productions Inc.	Canada (Ontario)
Salm Enterprises, Inc.	California
Sammarnick Insurance Corporation	New York
San Francisco Walls, Inc.	California
Satellite Holdings Inc.	Delaware
Scarab Publishing Corporation	Delaware

Scott-Mattson Farms, Inc.	Florida
SDI Raven LLC	Delaware
Season Four Sentinel Productions Inc.	Canada (B.C.)
Season Three Soul Food Productions Inc.	Canada (Federal)
Season Three Seven Days Productions Inc.	Canada (B.C.)
Season Three Viper Productions Inc.	Canada (B.C.)
Season Two CI Productions Inc.	Canada (Ontario)
Season Two Seven Days Productions Inc.	Canada (B.C.)
Season Four Soul Food Productions Inc.	Canada (Ontario)
Sentinel Productions Inc.	Canada (B.C.)
Sercop, S.A. de C.V.	Mexico
Servicios Administrativos America, S.A. de C.V.	Mexico
Servicios Para Empresas de Entretenimiento, S. de R.L. de C.V.	Mexico
SF Films Inc.	Canada (Ontario)
SFI Song Company	Delaware
Ship House, Inc.	Florida
Show Works Productions Inc.	Delaware
Showtime Marketing Inc.	Delaware
Showtime Networks Inc.	Delaware
Showtime Networks Inc. (U.K.)	Delaware
Showtime Networks Middle East Inc.	Delaware
Showtime Networks Satellite Programming Company	California
Showtime Online Inc.	Delaware
Showtime Pictures Development Company	Delaware
Showtime Satellite Networks Inc.	Delaware
Showtime UK Holdings Limited	United Kingdom
Showtime/Sundance Holding Company Inc.	Delaware
SIFO One Inc.	Delaware
SIFO Two Inc.	Delaware
Signways Holdings Limited	Ireland
Simon & Schuster (Australia) Pty. Limited	Australia
Simon & Schuster (U.K.) Limited	United Kingdom
Simon & Schuster Global Services Inc.	Delaware
Simon & Schuster International Inc.	Delaware
Simon & Schuster of Canada (1976) Ltd.	Canada (Federal)
Simon & Schuster, Inc.	New York
SJ Films Inc.	Canada (Ontario)
Skaroo Productions Inc.	California
Sky Blue Investments, Limited	Jersey
SMA 2002 S.P.A.	Italy
SMAFER S.P.A.	Italy
SNI Development Corp.	Delaware
Snow Day Productions Inc.	Canada (Alberta)
Soapmusic Company	Delaware
Societa Manifestied Affissioni S.P.A.	Italy
SonicNet L.L.C.	Delaware
SongFair Inc.	Delaware
Spark Network Services, Inc.	Delaware
Spelling Daytime Songs Inc.	Delaware
Spelling Daytime Television Inc.	Delaware
Spelling Entertainment Group Inc.	Delaware
Spelling Entertainment Inc.	Delaware
Spelling Films Inc.	Delaware
Spelling Films Music Inc.	Delaware
Spelling Pictures Inc.	Delaware
Spelling Satellite Networks, Inc.	California
Spelling Television (Canada) Inc.	Canada (B.C.)
Spelling Television Inc.	Delaware
Spelling Television Quebec Inc.	Canada (Federal)
Starfish Productions Inc.	Florida
Stargate Acquisition Corp.	Delaware
State of Mind Inc.	Delaware
Stations Communicatie B.V.	Netherlands
STLD Productions Inc.	Canada (Ontario)
Stranglehold Productions, Inc.	California
Streak Productions Inc.	Canada (Ontario)
Street Information Systems, Inc., The	Florida
SU 2 Productions Inc.	Canada (Ontario)
Sunn Classic Pictures, Inc.	Utah
Sunset Beach Productions, Inc.	Delaware
Superstar Productions USA Inc.	Delaware
T & R Payroll Company	Delaware
T.V. Factory, Inc., The	New York
Talent Court Productions, Inc.	Delaware

TC Productions Inc.	Delaware
TDI (BP) Limited	United Kingdom
TDI (FB) Limited	United Kingdom
TDI Advertising Limited	United Kingdom
TDI Buses Limited	United Kingdom
TDI France Holding SAS	France
TDI Holdings Limited	United Kingdom
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TDI International, Inc.	Delaware
TDI Likkuvat Mediat Oy	Finland
TDI Mail Holdings Limited	Northern Ireland
TDI Media B.V.	Netherlands
TDI Metro (NI) Limited	Northern Ireland
TDI Metro, Ltd.	Ireland
TDI Nederland N.V.	Netherlands
TDI Northwest, Inc.	Washington
TDI Transit Advertising Limited	United Kingdom
TDI Worldwide, Inc.	Delaware
Tecno System 2000 S.R.L.	Italy
Tele-Vu Ltee.	Canada (Federal)
Texas Infinity Broadcasting L.P.	Delaware
Texas Infinity Radio L.P.	Delaware
They Productions Inc.	Delaware
Things of the Wild Songs Inc.	Delaware
Thinner Productions, Inc.	Delaware
Third Century Company	Delaware
Thirteenth Century Corporation	Delaware
Thirtieth Century Corporation	Delaware
Timeline Films Inc.	Canada (Ontario)
Titus Productions, Inc.	California
TMI International B.V.	Netherlands
TMRG, Inc.	Delaware
TNN Classic Sessions, Inc.	Delaware
TNN Productions, Inc.	Delaware
Toe-To-Toe Productions Inc.	Delaware
Torand Payroll Company	Delaware
Torand Productions Inc.	Delaware
Total Warehouse Services Corporation	Delaware
Trading Zone Inc.	Delaware
TRF III Entertainment, Inc.	Delaware
TSM Services Inc.	Delaware
Tunes By Nickelodeon Inc.	Delaware
TV Land Canada Holding Inc.	Delaware
TV Scoop Inc.	Delaware
Two of Us Films Inc.	Canada (Ontario)
Two Productions, Inc.	Delaware
U Just U Publishing, Inc.	California
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U Music, Inc.	California
UCGI, Inc.	Delaware
UGJ Productions Inc.	Delaware
UI Video Stores, Inc.	Colorado
United International Pictures	Netherlands
Universal American Corporation	Delaware
Untitled Productions II LLC	Delaware
UPN	Delaware
UPN Holding Company, Inc.	California
UPN Properties, Inc.	California
UPN Stations Group Inc.	Delaware
UPN Television Stations Inc.	Delaware
Uptown Productions Inc.	Delaware
VE Development Company	Delaware
VE Drive Inc.	Delaware
VE Television Inc.	Delaware
VH-1 Television GmbH & Co OHG	Germany
VH-1 Television Verwaltung GmbH	Germany
VI Services Corporation	Delaware
VIA Aircraft Management Inc.	Delaware
Viacom A.G.	Switzerland
Viacom Animation of Korea Inc.	Delaware
Viacom Asia Inc.	Delaware
Viacom Brand Solutions Limited	United Kingdom
Viacom Camden Lock Inc.	Delaware
Viacom Canada Inc.	Canada (Federal)
Viacom Canadian Productions Inc.	Canada (Ontario)
Viacom Communications Services, Inc.	Delaware

Viacom Consumer Products Inc.	Delaware
Viacom Corporate Services Inc.	Delaware
Viacom DBS Inc.	Delaware
Viacom (Deutschland) Beteiligungen GmbH	Germany
Viacom Employee Services Inc.	Delaware
Viacom Enterprises Canada Ltd.	Canada (Federal)
Viacom Executive Services Corporation	Delaware
Viacom Film Funding Company Inc.	Delaware
Viacom Finanz AG	Switzerland
Viacom First Run Development Company Inc.	Delaware
Viacom First Run Limited	Delaware
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Viacom Global Services Inc.	Delaware
Viacom Hearty Ha! Ha! LLC	Delaware
Viacom Holdings (Germany) B.V.	Germany
Viacom Holdings (Germany) II B.V.	Germany
Viacom IDA Inc.	Delaware
Viacom International (Netherlands) B.V.	Netherlands
Viacom International Canada Ltd.	Canada (Ontario)
Viacom International Holdings B.V.	Netherlands
Viacom International Inc.	Delaware
Viacom International Pty. Limited	Australia
Viacom Investments Inc.	Delaware
Viacom IRB Acquisition Inc.	Delaware
Viacom Japan Inc.	New York
Viacom K-Band Inc.	Delaware
Viacom Limited	New Zealand
Viacom Middle East Holdings VOF	Netherlands Antilles
Viacom Networks Europe Inc.	Delaware
Viacom Networks Inc.	New York
Viacom Notes Inc.	Delaware
Viacom Outdoor B.V.	Netherlands
Viacom Outdoor Group Canada Inc.	Canada (Ontario)
Viacom Outdoor Group Inc.	Delaware
Viacom Outdoor Inc.	Delaware
Viacom Outdoor L.A. Inc.	Delaware
Viacom Outdoor Mexico Inc.	Delaware
Viacom Outdoor Northern Ireland Limited	Ireland
Viacom Outdoor Srl	Italy
Viacom Outdoor Sports Marketing Inc.	Delaware
Viacom Phoenix Inc.	Delaware
Viacom Pictures Inc.	Delaware
Viacom Pictures Movie Music Inc.	Delaware
Viacom Pictures Overseas Inc.	Delaware
Viacom Pictures Songs Inc.	Delaware
Viacom PNW Sports Inc.	Delaware
Viacom Productions Inc.	Delaware
Viacom Radio Inc.	Delaware
Viacom Radio Sales Company	Delaware
Viacom Realty Corporation	Delaware
Viacom Receivables Funding I Corporation	Delaware
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Viacom Receivables Funding II Corporation	Delaware
Viacom Receivables Funding III Corporation	Delaware
Viacom Retail Stores, Inc.	Delaware
Viacom Satellite News Inc.	Delaware
Viacom Services Inc.	Delaware
Viacom Shopping Inc.	Delaware
Viacom Songs Inc.	Delaware
Viacom Stations Group of Detroit Inc.	Delaware
Viacom Stations Group of Oklahoma City LLC	Delaware
Viacom Stations Group of Miami Inc.	Delaware
Viacom Stations Group of Oklahoma City LLC	Delaware
Viacom Stations Group of Philadelphia Inc.	Delaware
Viacom Stations Group of Pittsburgh Inc.	Delaware
Viacom Telecommunications (D.C.) Inc.	Delaware
Viacom Television Stations Group of Dallas/Fort Worth L.P.	Delaware
Viacom Television Stations Group of Los Angeles LLC	Delaware
Viacom Television Stations Group of San Francisco Inc.	Virginia
Viacom Television Stations Group Partner I Inc.	Delaware
Viacom Television Stations Group Partner II LLC	Delaware
Viacom Television Stations Inc.	Delaware
Viacom Tunes Inc.	Delaware
Viacom UK Limited	United Kingdom
Viacom VHENO GmbH	Germany
Viacom World Wide Ltd.	New York

Viacom/Westinghouse of PA Inc.	Delaware
Via-Sac Music Inc.	Delaware
Viper Productions Inc.	Canada (B.C.)
VISI Services Inc.	Delaware
Visionair Television B.V.	Netherlands
VJK Inc.	Delaware
VNM Inc.	Delaware
VP Direct Inc.	Delaware
VP Programs Inc.	California
VSC Compositions Inc.	New York
VSC Music Inc.	New York
Waste Resource Energy, Inc.	Delaware
WBCE Corporation	Delaware
WCC FSC I, Inc.	Delaware
WCC Project Corp.	Delaware
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WCC Soledad I, Inc.	Delaware
WCC Soledad II, Inc.	Delaware
WD Productions Inc.	Canada (B.C.)
Western Row Properties, Inc.	Ohio
Westinghouse (New Zealand) Ltd.	New Zealand
Westinghouse Aircraft Leasing Inc.	Delaware
Westinghouse Asset Management Inc.	Delaware
Westinghouse Beverage Group	Delaware
Westinghouse Canada Holdings L.L.C.	Delaware
Westinghouse CBS Holding Company, Inc.	Delaware
Westinghouse Electric Corporation	Delaware
Westinghouse Electric GmbH, Birsfelden	Switzerland
Westinghouse Foreign Sales Corporation	Barbados
Westinghouse Hanford Company	Delaware
Westinghouse Holdings Corporation	Delaware
Westinghouse Idaho Nuclear Company, Inc.	Delaware
Westinghouse Investment Corporation	Delaware
Westinghouse Irish Holdings, Limited	Ireland
Westinghouse Licensing Corporation	Pennsylvania
Westinghouse Pictures, Inc.	Delaware
Westinghouse Reinvestment Company L.L.C.	Delaware
Westinghouse Wireless Communications Products, SRL de CV	Mexico
Westinghouse World Investment Corporation	Delaware
Westside Amphitheater Corporation, The	Arizona
W-F Productions, Inc.	Delaware
White Island Music Limited	United Kingdom
Wilshire Court Productions, Inc.	Delaware
Wilshire Entertainment Inc.	Delaware
Wilshire/Hauser Company	Delaware
Wilson-Curtis, Inc.	Missouri
Winning Productions Inc.	Canada (Ontario)
Woburn Insurance Ltd.	Bermuda
World Sports Enterprises	Tennessee
World Volleyball League, Inc.	New York
Worldvision Enterprises (France) S.A.R.L.	France
Worldvision Enterprises (United Kingdom), Ltd.	New York
Worldvision Enterprises de Venezuela	Venezuela
Worldvision Enterprises Latino-Americana, S.A.	Panama
Worldvision Enterprises of Australia, Pty., Ltd.	Australia
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Worldvision Enterprises of Canada, Limited	New York
Worldvision Enterprises, GmbH	Germany
Worldvision Enterprises, Inc.	New York
Worldvision Filmes do Brasil, Ltda.	Brazil
Worldvision Foreign Sales Corporation	Virgin Islands
Worldvision Home Video, Inc.	New York
Worldwide MSP Limited	United Kingdom
Worldwide Productions, Inc.	Delaware
WPIC Corporation	Delaware
WT Animal Music Inc.	Delaware
WT Productions Inc.	Delaware
WV Productions, Inc.	Delaware
WVI Films B.V.	Netherlands
Xtra-Games Limited	Ireland
Xtra-Music Limited	Ireland
Xtra-Vision Leasing Limited	Ireland
Xtra-Vision Limited	Ireland
Xtra-Vision Properties Limited	Ireland
Xtra-Vision Video Films Limited	Ireland
Xtra-Vision Whole Sale Limited	Ireland

Yellams LDC	Cayman Islands
York Resource Energy Systems, Inc.	Delaware
Young Reader's Press, Inc.	Delaware
YP Productions Inc.	Canada (Ontario)
Zoo Films LLC	Delaware

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (No. 333-52728 and No. 333-62052) and Forms S-8 (No. 333-108105, No. 33-41934, No. 33-55173, No. 33-55709, No. 33-56088, No. 33-59049, No. 33-59141, No. 33-60943, No. 333-34125, No. 333-36440, No. 333-42987, No. 333-55346, No. 333-75752, No. 333-82422 and No. 333-88613) of Viacom Inc. of our report dated February 9, 2004, relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
March 15, 2004

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ GEORGE S. ABRAMS

George S. Abrams

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ DAVID R. ANDELMAN

David R. Andelman

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ JOSEPH A. CALIFANO, JR.

Joseph A. Califano, Jr.

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ WILLIAM S. COHEN

William S. Cohen

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ PHILIPPE P. DAUMAN

Philippe P. Dauman

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ WILLIAM H. GRAY III

William H. Gray III

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ ALAN C. GREENBERG

Alan C. Greenberg

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ JAN LESCHLY

Jan Leschly

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ DAVID T. MCLAUGHLIN

David T. McLaughlin

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as she might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ SHARI REDSTONE

Shari Redstone

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ FREDERIC V. SALERNO

Frederic V. Salerno

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ WILLIAM SCHWARTZ

William Schwartz

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ IVAN SEIDENBERG

Ivan Seidenberg

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ PATTY STONESIFER

Patty Stonesifer

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 10th day of March 2004.

/s/ ROBERT D. WALTER

Robert D. Walter

CERTIFICATION

I, Sumner M. Redstone, certify that:

1. I have reviewed this annual report on Form 10-K of Viacom Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - (c) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2004

/s/ SUMNER M. REDSTONE

Sumner M. Redstone
Chairman and Chief Executive Officer

CERTIFICATION

I, Richard J. Bressler, certify that:

1. I have reviewed this annual report on Form 10-K of Viacom Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - (c) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2004

/s/ RICHARD J. BRESSLER

Richard J. Bressler
Senior Executive Vice President and
Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Viacom Inc. (the "Company") on Form 10-K for the fiscal year ending December 31, 2003 as filed with the Securities and Exchange Commission (the "Report"), I, Sumner M. Redstone, Chief Executive Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SUMNER M. REDSTONE

Sumner M. Redstone
March 15, 2004

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Viacom Inc. (the "Company") on Form 10-K for the fiscal year ending December 31, 2003 as filed with the Securities and Exchange Commission (the "Report"), I, Richard J. Bressler, Chief Financial Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ **RICHARD J. BRESSLER**

Richard J. Bressler
March 15, 2004

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
