
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, 2001

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 1-9553

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
6.75% Senior Notes due 2003	American 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 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 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/

As of March 8, 2002, 137,387,192 shares of Viacom Inc. Class A Common Stock, \$0.01 par value ("Class A Common Stock"), and 1,626,842,436 shares of Viacom Inc. Class B Common Stock, \$0.01 par value ("Class B Common Stock"), were outstanding. The aggregate market value of the shares of Class A Common Stock (based upon the closing price of \$50.13 per share as reported by the New York Stock Exchange on that date) held by non-affiliates was approximately \$2,188,452,571 and the aggregate market value of the shares of the Class B Common Stock (based upon the closing price of \$50.05 per share as reported by the New York Stock Exchange on that date) held by non-affiliates was approximately \$75,403,690,512.

DOCUMENTS INCORPORATED BY REFERENCE

Part I

Item 1. Business.

Background

Viacom Inc. (together with its subsidiaries unless the context otherwise requires, the "Company" or "Viacom") is a diversified worldwide entertainment company with operations, during 2001, in six segments:

- **CABLE NETWORKS:** The Cable Networks segment operates MTV MUSIC TELEVISION®, SHOWTIME®, NICKELODEON®/NICK AT NITE®, VH1 MUSIC FIRST®, MTV2 MUSIC TELEVISION™, TV LAND®, THE NEW TNN: THE NATIONAL NETWORK™, CMT®: COUNTRY MUSIC TELEVISION™, 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, its owned broadcast television stations, and the Company's television production and syndication business, including KING WORLD® PRODUCTIONS and PARAMOUNT TELEVISION™.
- **INFINITY:** The Infinity segment operates 186 radio stations through INFINITY RADIO™, and outdoor advertising properties through VIACOM OUTDOOR™.
- **ENTERTAINMENT:** The Entertainment segment includes PARAMOUNT PICTURES®, which produces and distributes theatrical motion pictures; PARAMOUNT PARKS®, which owns and operates five theme parks and a themed attraction in the U.S. and Canada; and movie theater and music publishing operations.
- **VIDEO:** The Video segment consists of an approximately 81% equity interest in Blockbuster Inc., which operates and franchises BLOCKBUSTER® video stores worldwide.
- **PUBLISHING:** The Publishing segment publishes and distributes consumer books and multimedia products, under such imprints as SIMON & SCHUSTER®, POCKET BOOKS™, SCRIBNER® and THE FREE PRESS™. On January 31, 2002, the Company announced that its publishing operation would be integrated with the Viacom Entertainment Group. As a result, effective January 1, 2002, the Company will present its publishing business as part of the Entertainment segment.

The Company maintains a coordinated sales force, VIACOM PLUS™, that represents the Company's various business segments across all of its multiple advertising platforms.

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 8, 2002, holds approximately 81% of the total equity value in, and approximately 95% of the combined voting power of, Blockbuster.

On May 4, 2000, the Company completed its merger with CBS Corporation ("CBS") for a total purchase price of approximately \$39.8 billion, which represented the issuance of approximately 825.5 million shares of Viacom Class B Common Stock, 11,004 shares of Viacom Series C convertible preferred stock (which were subsequently converted into 11.0 million shares of Viacom Class B Common Stock), the estimated fair value of CBS stock options that were assumed by issuing Viacom options, and estimated transaction costs. In addition, Viacom assumed approximately \$3.7 billion of CBS debt. As a result of its merger with CBS, the Company acquired an approximate 64.2% equity interest in Infinity Broadcasting Corporation ("Infinity").

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On August 24, 2000, Infinity completed the acquisition of 18 radio stations from Clear Channel Communications, Inc. for approximately \$1.4 billion in an asset transaction. During June 2000, Infinity completed the acquisition of Giraudy SA, one of France's largest outdoor advertising companies, for approximately \$400 million.

On January 23, 2001, the Company completed its acquisition of BET Holdings II, Inc., which operates the BET CABLE NETWORK and BET JAZZ: THE JAZZ CHANNEL, for a total purchase price of approximately \$3 billion, which principally represents 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.

On February 21, 2001, Infinity merged with and into a wholly owned subsidiary of the Company. In connection with the merger, the Company issued 0.592 of a share of Viacom Class B Common Stock for each issued and outstanding share of Infinity Class A common stock resulting in the issuance of approximately 232 million shares of Viacom Class B Common Stock.

On February 13, 2002, the Company announced that it had agreed to acquire the assets of KCAL-TV from Young Broadcasting Inc. for approximately \$650 million in cash. The acquisition is expected to close in mid-2002 and is subject to Federal Communications Commission ("FCC" or the "Commission") review.

As of March 8, 2002, National Amusements, Inc. ("NAI"), a closely held corporation that owns and operates approximately 1,400 movie screens in the U.S., the U.K. and South America, beneficially owned approximately 68% of the Company's Class A Common Stock, and approximately 11% of the Company's Class A Common Stock and Class B Common Stock on a combined basis. 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).

For additional information about principal acquisitions, see Note 3 to the Consolidated Financial Statements.

Viacom Business Segments

Cable Networks

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 to customers of 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.

MTV Networks. In the U.S., MTVN's owned and operated program services include MTV: MUSIC TELEVISION ("MTV"), MTV's spin-off, MTV2: MUSIC TELEVISION ("MTV2"), NICKELODEON/NICK AT NITE, TV LAND, VH1 MUSIC FIRST ("VH1"), CMT: COUNTRY MUSIC TELEVISION ("CMT"), and THE NEW TNN: THE NATIONAL NETWORK ("TNN").

MTV's programming consists of music-based programming, including music and general lifestyle information, comedy and dramatic series, animated programs, news specials, interviews, documentaries and other youth-oriented programming appealing primarily to an audience aged 18 to 24. At December 31, 2001 according to the Nielsen Media Research report, MTV reached approximately 83.4 million domestic

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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, 2001 according to the Nielsen Media Research report, MTV2 had approximately 36.7 million domestic subscriber households. MTVN also operates "The Digital Suite from MTV Networks" ("The Suite"), a package of digital television program services, which currently consists of MTV2 and five other music related services, and NOGGIN® and two other program services from NICKELODEON. The Suite is offered through DTH distributors and cable operators offering digital technology.

MTV FILMS™, in association with PARAMOUNT PICTURES, presented SAVE THE LAST DANCE, which was released by PARAMOUNT PICTURES in 2001, and co-presented CROSSROADS, released by PARAMOUNT PICTURES in February 2002. MTV FILMS also produced ORANGE COUNTY with PARAMOUNT PICTURES, released in January 2002. MTV has also launched lines of home videos, 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 such popular shows as RUGRATS, BLUE'S CLUES and SPONGEBOB SQUAREPANTS); and NICK AT NITE, which attracts primarily audiences ages 18 to 54 and offers mostly situation comedies from various eras, including CHEERS, FAMILY TIES, ALL IN THE FAMILY and THREE'S COMPANY. At December 31, 2001, according to the Nielsen Media Research report, NICKELODEON/NICK AT NITE reached approximately 85.3 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 JIMMY NEUTRON: BOY GENIUS, released in fourth quarter 2001 by PARAMOUNT PICTURES. Additionally, the Company publishes monthly NICKELODEON MAGAZINE™. NICKELODEON GAS GAMES AND SPORTS FOR KIDS®, a cable program service packaged as part of The Suite, features children's game shows and sports programming for viewers ages 6 to 11, and includes a related online service. 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.

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 I LOVE LUCY, THE ANDY GRIFFITH SHOW, THE LOVE BOAT, LEAVE IT TO BEAVER and THE MARY TYLER MOORE SHOW. At December 31, 2001, according to the Nielsen Media Research report, TV LAND reached approximately 68.0 million domestic subscriber households.

VH1 presents music and related programming directed at an audience aged 25 to 49 with an emphasis on series which feature viewers' favorite music and artists such as VH1 BEHIND THE MUSIC, STORYTELLERS, POP UP VIDEO and DRIVEN. In addition, VH1 airs concerts, special events, musically themed movies and music videos. In April 2001, VH1 aired VH1 DIVAS LIVE: THE ONE AND ONLY ARETHA FRANKLIN, followed in July 2001 by BON JOVI: ONE LAST WILD NIGHT, and in December 2001, VH1 aired MY VH1 MUSIC AWARDS, where nominees and winners were determined by fans voting online. In October 2001, VH1 aired the CONCERT FOR NEW YORK CITY, a post-September 11 tribute concert and fundraising event featuring some of the biggest artists in music, which was the highest rated program in VH1's history. The VH1 SAVE THE MUSIC® Foundation, in connection with VH1's cable television and satellite affiliates, restored instrumental music programs to 254 schools in 43 cities while also winning the 2001 Golden Beacon Award and the 2001 Beacon Award, both

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presented by the Cable Television Public Affairs Association. At December 31, 2001, according to the Nielsen Media Research report, VH1 reached approximately 81.7 million domestic subscriber households.

CMT presents country music videos, and related events, lifestyle and entertainment programming. Its programming in 2001 included CMT ALL ACCESS, a monthly series of concerts featuring country music artists, and special events such as the COUNTRY FREEDOM CONCERT, a post-September 11 tribute concert and fundraising event featuring some of country music's biggest artists, including Brooks & Dunn, George Strait and Trisha Yearwood. The Company offers CMT in the U.S. and, through a minority joint venture, in Canada. At December 31, 2001, according to the Nielsen Media Research report, CMT reached approximately 56.8 million domestic subscriber households.

TNN is a general entertainment network with a focus on popular lifestyle and entertainment programming. The Company offers TNN in the U.S. and Canada. At December 31, 2001, according to the Nielsen Media Research report, TNN reached approximately 84.9 million domestic subscriber households and Mediastats reports TNN's Canadian distribution at November 2001, at approximately 6.7 million households. TNN's programming includes the highly rated series WWF RAW, as well as popular movies such as THE GODFATHER; favorite off-net television series such as STAR TREK: THE NEXT GENERATION, MAD-TV and BAYWATCH; original programming such as ROBOT WARS and FAME FOR 15; and sports, including professional bull-riding, motor sports, fishing and other outdoor sports.

Internationally, MTVN owns and operates, participates in as a joint venturer, and licenses third parties to operate, MTVN program services, including MTV, VH1, NICKELODEON and TV LAND programming. 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 by 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 16 individual music channels, including MTV (9 regionalized services), VH1 (3 services), MTV2, MTV Extra™ and MTV Base. The network currently reaches more than 100 million households in Europe via a combination of satellite, cable, and terrestrial distribution.

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International MTVN Program Services

The following table sets forth information regarding MTVN program services offered internationally:

Program Service	Territory	Ownership	Regional Feeds/Language(1)	Launch/ Commencement Date
MTV Europe (includes 9 regional MTV: Music Television feeds, MTV Base, MTV Hits, MTV Dance, MTV2, MTV2POP, and the TMF service in The Netherlands and Belgium)	40 territories, including European Union states, Eastern and Central Europe, South Africa, certain countries in the former Soviet Union, the Middle East, Egypt, Faroe Islands, Israel, Liechtenstein, Malta and Moldova	100% by the Company	9 Regional MTV Feeds presented in local languages—U.K and Ireland (in English), Netherlands (in Dutch), Spain (in Spanish), France (in French), Central (in German), other than Nordic (in English) and European (in English), and 2 Regional TMF feeds in The Netherlands and Belgium (in Dutch)	Various: August 1987-2001
MTV Italia	Italy	Joint Venture (with Cecchi Gori Communications S.p.A.)	Italian	January 2001
MTV Poland	Poland	Joint Venture (with UPC Programming PC)	Polish	July 2000
MTV Russia	Russia	Joint Venture (with Russia Partners Company, L.P. and others)	Russian	September 1998
MTV Latin America	Argentina, Brazil, Paraguay, Uruguay, Mexico, the Caribbean, Central America, Colombia, Venezuela, Chile, Bolivia, Ecuador, Peru and Puerto Rico	100% by the Company	3 Regional Feeds in Spanish	October 1993
MTV Brasil	Brazil	Joint Venture (with Abril S.A.)	Portuguese	October 1990
MTV Asia (includes 8 regional MTV: Music Television feeds; interests in MTV Korea, MTV Philippines, MTV Thailand and MTV Indonesian)	Taiwan, certain provinces in China*, Brunei, Thailand, Singapore, Philippines, Indonesia, Malaysia, Vietnam, Hong Kong*, South Korea, Papua New Guinea, India, Sri Lanka, Bangladesh, Nepal and Pakistan	Joint Venture (with Vivendi Universal)	8 regional MTV Feeds presented in English and local languages: MTV Mandarin (in Mandarin), MTV Southeast Asia (in English), MTV Philippines (in English and Tagalog), MTV Indonesia (in Bahasa Indonesian), MTV India (in English and Hindi), MTV Korea (in Korean), MTV Thailand (in Thai) and MTV China (in Chinese)	Various: April 1995-2002
MTV Japan	Japan	Joint Venture (with @Japan Media K.K. and others)	Japanese	January 2001

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MTV Australia	Australia	Licensing Arrangement (with Optus Vision Pty Limited)	English	March 1997
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 Asia	Japan, India, Malaysia, New Zealand, Indonesia, Philippines, Singapore, Bangladesh, Nepal, China*, South Korea*, Brunei and Papua New Guinea	100% by the Company	Japanese, English, Mandarin, Korean and Hindi	Various: November 1998-2001
Nickelodeon Latin America	Latin America, Brazil and the	100% by the Company	Spanish, Portuguese and English	December 1996

	Caribbean			
Nickelodeon Australia	Australia	Joint Venture (with XYZ Entertainment Pty Ltd.)	English	October 1995
Nickelodeon Europe (includes regional Nickelodeon services and the Kindernet service in Benelux)	CIS/Baltic Republics (including Russia, Uzbekistan, Kazakhstan, Moldova, Georgia, Belarus, Latvia and Lithuania), Nordic region* (including Sweden, Norway, Denmark and Finland), Hungary, Africa*, Romania, Turkey, Malta, Spain*, Cyprus*, Greece*, Switzerland* and Benelux	100% by the Company	Russian, Magyar, English, Romanian, Swedish, Norwegian, Danish, Spanish, Dutch, German and Greek	Various: February 1997-2001
Nickelodeon U.K.*	U.K.	Joint Venture (with British Sky Broadcasting Limited)	English	September 1993-Nick September 1999-Nick Jr.
TV Land Canada	Canada	Licensing Arrangement (with Craig Broadcast Systems Inc.)	English	September 2001
VH1 U.K./VH1 European/VH1 Classic	All European Union states, the Middle East, Africa, Scandinavia, Israel, Malta, Moldova, South Africa and Eastern Europe	100% by the Company	English	September 1994

* 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.

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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 program 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").

The Company operates Internet sites which appeal to the current audiences of its various MTV, VH1, CMT and NICKELODEON television program services, as well as to new online audiences. In addition to providing entertainment and information on such Web sites, the Company also sells Company-licensed and third-party merchandise.

MTVN has numerous music Web site destinations around the world, including MTV.com, VH1.com, CMT.com and SonicNet.com. In December 2001, MTVN's Web sites attracted over 4.2 million U.S. unique visitors, according to Media Metrix, a leading online audience research measurement service. MTV.com offers users the latest music news, information on artists and MTV programs, and interactive entertainment through programs such as Direct Effect, Total Request Live (TRL) and VJ for a Day. VH1.com offers users interactive entertainment, music news, fan club information, daily polls and community features. MTVN, on behalf of its Web sites, currently obtains much of its 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. MTVN also operates the TVLand.com and TNNonline.com Web sites providing information and special features relating to the programming on those cable networks.

NICKELODEON operates Web sites that feature NICKELODEON properties, 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 preschool area featuring interactive games, art, stories and music. In December 2001, NICKELODEON's Web sites attracted over 4.4 million unique visitors, according to Nielsen/Net Ratings.

BET: Black Entertainment Television. BET's owned and operated cable program services include the BET CABLE NETWORK and BET JAZZ: THE JAZZ CHANNEL.

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, news and public affairs programming, consisting of both original and acquired programs. BET's original programming includes entertainment specials, hosted music video programs, talk shows, sports, news and public affairs offerings, and comedy shows. Acquired programs include movies and gospel music programs.

Entertainment specials are the most popular form of original programming on the BET CABLE NETWORK. In 2001, BET produced and aired the 1st ANNUAL BET AWARDS, the 7th ANNUAL

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WALK OF FAME, SPRING BLING and the 1st ANNUAL CELEBRATION OF GOSPEL. The debut presentations of the BET AWARDS SHOW and the CELEBRATION OF GOSPEL and the telecast of the 7th ANNUAL WALK OF FAME delivered three of the BET CABLE NETWORK's highest individual show ratings in 2001.

Hosted music video programs are also featured on the BET CABLE NETWORK. Record companies generally provide BET with music videos at no cost in exchange for exposure on the BET CABLE NETWORK. Some of the network's most widely-watched music video programs include 106 & PARK, HITS FROM

THE STREET, and RAP CITY: THA BASSMENT. Original programming also includes entertainment, and sports related shows such as COMICVIEW, a stand-up comedy show; OH DRAMA, an entertainment and gossip talk program; and MAAD SPORTS, a sports magazine show that examines the unique lifestyle of today's professional athletes. To complement its originally produced programming, BET acquires the rights to and airs movies of the week such as ALI: AN AMERICAN HERO and PURPLE RAIN.

Music and entertainment fare on the BET CABLE NETWORK is balanced with original news and public affairs programming such as BET NIGHTLY NEWS, featuring local and national news; BET TONIGHT, an issue-oriented talk show featuring artists, politicians, business owners and other prominent African-Americans; LEAD STORY, a news digest examining national issues of particular concern to black Americans; TEEN SUMMIT, a program that addresses issues affecting black youth; and JOURNEYS IN BLACK, a documentary series highlighting the lives and achievements of African-Americans.

BET JAZZ: THE JAZZ CHANNEL ("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, and celebrity interviews featuring original programming as well as documentary programs. JAZZ CENTRAL, a concert-styled show highlighting various instrumental and vocal jazz artists, enjoys particular popularity on BET JAZZ as do THE SINATRA COLLECTION, a licensed program showcasing the performances of Frank Sinatra, and LATIN BEAT, an original program which features Latin jazz, bossa nova, samba and merengue.

Both the BET CABLE NETWORK and BET JAZZ derive their revenues from the sale of advertising time on the network and from subscription fees generated by license of the network to cable television operators, DTH and other distributors. As of December 31, 2001, according to the Nielsen Media Research report, the BET CABLE NETWORK reached approximately 70.8 million domestic subscriber households. BET JAZZ is marketed to a niche audience and is made available on both digital and analog distribution platforms.

BET EVENT PRODUCTIONS produces special musical events and festivals featuring such music genres as jazz, Latin jazz and rhythm & blues. The services provided by BET EVENT PRODUCTIONS 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® is BET's book publishing division and the country's leading publisher of romance books for the African-American market. BET BOOKS' revenues are generated by book sales through a subscriber book club, retail outlets, discount stores and on-line book merchants.

BET has a minority interest in BET INTERACTIVE, LLC, a company that operates BET.com, which provides news, personal finance, health, entertainment, music and artist information, and articles tailored to the unique interests and issues of African-Americans. BET.com also provides program schedules for the BET CABLE NETWORK and BET JAZZ as well as information on promotional events. In December 2001, BET.com attracted approximately 700,000 unique visitors, according to Nielsen/NetRatings. BET.com was named "Best African-American Site" for two consecutive years by *Yahoo! Internet Life Magazine*.

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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 motion pictures and series, family entertainment, and 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, 2001, SHOWTIME, THE MOVIE CHANNEL and FLIX, in the aggregate, had approximately 31.3 million subscriptions in the 50 states and certain U.S. territories. SUNDANCE CHANNEL®, a venture (among SNI, an affiliate of Robert Redford and Universal Studios) managed by SNI, 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 multiplexed versions of SHOWTIME and THE MOVIE CHANNEL in the U.S., including SHOWTIME BEYOND®, a genre-based channel featuring sci-fi, horror and fantasy programming; SHOWTIME EXTREME®, a genre-based channel featuring action/adventure programming; SHOWTIME TOO™, a multiplexed channel of SHOWTIME, offering additional viewing choices of original programming and top-end theatrical features; SHOWTIME SHOWCASE, featuring the best of SHOWTIME's original programming; SHOWTIME NEXT™, a channel targeting 18-24 year-olds; SHOWTIME WOMEN™, focusing on women in front of and behind the camera; SHOWTIME FAMILYZONE™, a channel featuring no R-rated programming; and TMC XTRA, a multiplexed channel of THE MOVIE CHANNEL, counter-programmed to offer more and varied movie viewing choices. SNI also transmits a high definition television version of SHOWTIME. In addition, SNI owns an advertiser-supported basic television program service in Spain named SHOWTIME EXTREME® with Media Park, S.A., a leader in thematic channel production based in Barcelona. SNI also owns with Zone Vision Enterprises, Limited, a UK company, an advertiser-supported basic television program service in Turkey named SHOWTIME™.

SNI also provides special events, such as sports and musical events, to licensees on a pay-per-view basis. SHOWTIME EVENT TELEVISION™ is a pay-per-view distributor of these special events, including high-profile boxing events. In addition to boxing, SHOWTIME EVENT TELEVISION has been instrumental in bringing other events to the viewing public, such as DORITOS PRESENTS DREW CAREY'S IMPROV ALL STARS, as well as numerous music concerts, including THE LAST KISS, SPICE GIRLS IN CONCERT—WILD!, THE BACKSTREET BOYS, TINA TURNER and THE ROLLING STONES.

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 cover the U.S. and may, on a contract-by-contract basis, cover additional territories. SNI has the exclusive U.S. premium subscription television rights to all 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"), Artisan Pictures Inc., and Buena Vista Television (a subsidiary of The Walt Disney Company) for Dimension Films theatrical pictures, 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

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pictures which 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 THE CHRIS ISAAK SHOW, a critically acclaimed series featuring rock musician Chris Isaak; QUEER AS FOLK, a dramatic series focusing on the relationships, careers, loves and ambitions of a group of gay men and lesbians; RESURRECTION BLVD., the first English-language U.S. dramatic television series that predominantly features Hispanics both in front of and behind the camera; and SOUL FOOD, a series (based on the theatrical motion picture of the same name) that follows the struggles, rivalries and triumphs of a multi-generational African-American family. SNI's original programming has received numerous industry awards over the years, including the Academy of Television Arts and Sciences' prestigious Governor's Award for diversity in programming for 2001. As part of its original programming strategy, SNI premiered 31 original motion pictures on SHOWTIME and 2 original motion pictures on THE MOVIE CHANNEL in 2001, and expects to premiere approximately 24 original motion pictures on SHOWTIME in 2002. 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 motion pictures. In 2001, Hallmark Entertainment Distribution LLC, PARAMOUNT TELEVISION, 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 exclusive domestic home video rights to up to 140 SNI original motion pictures and other programs through March 31, 2005.

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 cable and DTH distributors could have an adverse effect on SNI's revenues.

Cable Networks Joint Ventures. COMEDY CENTRAL®, a joint venture of the Company and Home Box Office ("HBO"), a unit of AOL Time Warner Inc., is an advertiser-supported basic cable television program service which features comedy programming, including SOUTH PARK. The Company is a joint venturer in GULF DTH ENTERTAINMENT LDC, a satellite direct-to-home platform offering the following channels in the Middle East: MTV, VH1, NICKELODEON, TV LAND and THE PARAMOUNT COMEDY CHANNEL™. A joint venture between NICKELODEON and Sesame Workshop (formerly Children's Television Workshop) operates NOGGIN, a 24-hour, seven-days-a-week, non-commercial children's program service, distributed primarily by digital cable and satellite, which includes a related online service. NOGGIN seeks to educate and entertain 2 to 12 year olds and their families. NOGGIN's programming line-up includes a mix of live action, news, animated and puppet shows, including many acclaimed series such as Sesame Street, Electric Company and BLUE'S CLUES after their initial network runs.

Television

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

Television Networks. The CBS TELEVISION NETWORK™ through CBS NEWS™, CBS SPORTS™ and CBS ENTERTAINMENT™ 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 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 34th year, and its offspring, 60 MINUTES II, the CBS EVENING NEWS WITH DAN RATHER, 48 HOURS, THE EARLY SHOW, FACE THE NATION, THE SATURDAY EARLY SHOW and CBS NEWS SUNDAY MORNING—as well as special reports. 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 2,000 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 "The World Tonight." 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 SPORTS broadcasts comprehensive regular-season golf and college basketball lineups on network television, in addition to the NFL's American Football Conference schedule and championship games. Among the events CBS SPORTS airs are THE NFL TODAY; NCAA basketball, including the men's Final Four and the championship game; golf, including the Masters and PGA Championship; the U.S. Open Tennis Championships; college football; CBS SPORTS SPECTACULAR, including track and field and gymnastics, and NCAA championships, including the College World Series. Extending its franchises off the field, CBS SPORTS has launched a licensing program that will showcase its logo on apparel and sports equipment and has formed a marketing unit to develop licensing, merchandising, multimedia and other business opportunities for advertisers and event organizers.

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, new television movies and mini-series, theatrical films, specials, children's programs, daytime dramas, game shows and late-night programs. CBS ENTERTAINMENT introduced five dramas and two comedies in the 2001-2002 season, including THE AGENCY, THE EDUCATION OF MAX BICKFORD and THE GUARDIAN as well as the new reality-based series THE AMAZING RACE. Shows on the CBS TELEVISION NETWORK include EVERYBODY LOVES RAYMOND, CSI: CRIME SCENE INVESTIGATION, BECKER, THE KING OF QUEENS, THE DISTRICT, JUDGING AMY, TOUCHED BY AN ANGEL, JAG and FAMILY LAW. The Company also continued its reality-based SURVIVOR series, with SURVIVOR: THE AUSTRALIAN OUTBACK, SURVIVOR: AFRICA and SURVIVOR: MARQUESAS. The division presents a lineup of made for television movies, specials that includes THE GRAMMY AWARDS, THE COUNTRY MUSIC ASSOCIATION AWARDS and THE KENNEDY CENTER HONORS, and THE LATE SHOW WITH DAVID LETTERMAN. The CBS daytime lineup and the drama THE YOUNG AND THE RESTLESS have been rated number one in the daypart by Nielsen Media Research for 13 consecutive years.

At December 31, 2001, the UPN NETWORK provided 25 hours of programming a week, including two-hour primetime programming blocks five nights per week, Monday through Friday. UPN's programming is provided to its affiliates in 184 U.S. television markets, reaching approximately 97% of all U.S. television households, including secondary affiliates. Nineteen of the Company's owned television stations are affiliates of UPN. In January 2002, management of the UPN NETWORK was integrated into CBS TELEVISION operations. UPN's 2001-2002 season includes four dramas, including BUFFY THE VAMPIRE SLAYER and ENTERPRISE. ENTERPRISE is the latest series in the STAR TREK® franchise. In addition, UPN's primetime schedule includes the new comedy ONE ON ONE as well as the

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returning series WWF SMACKDOWN! UPN also broadcasts a two-hour children's animated programming block six days a week.

Through CBS.com, the Company operates Web sites which draw visitors from CBS TELEVISION NETWORK programming in all dayparts (daytime, primetime and late night) and in all genres (comedy, drama, reality, movies and mini-series, newsmagazines, hard news and morning news), and include local, national and international news; weather; sports; and information about CBS TELEVISION NETWORK programming. CBS.com maintains an Internet presence for every program on the CBS TELEVISION NETWORK and is the comprehensive source of information about the shows (including such features as David Letterman's "Top Ten" list). In 2001, CBS.com delivered more than one billion pageviews to online fans of the CBS TELEVISION NETWORK's programming. In 2001, as a result of the debut of CBS's reality show, SURVIVOR: THE AUSTRALIAN OUTBACK, CBS.com reached its highest visitor levels ever. Also, CBS.com provides links to a number of Web sites, including CBS.MarketWatch.com and CBS.SportsLine.com, which are published by entities in which the Company owns an equity interest.

The Company holds minority investments in three public Internet companies: SportsLine.com, Inc. (NASDAQ: SPLN), a provider of Internet sports content and e-commerce, including operation of the CBS.SportsLine.com Internet site; MarketWatch.com, Inc. (NASDAQ: MKTW), a provider of business news, financial programming and analytic tools, including operation of the CBS.MarketWatch.com Internet site; and Hollywood Media Corp. (NASDAQ: HOLL), a provider of entertainment related information, content and ticketing services, including operation of the Hollywood.com Internet site.

Television Stations. The Company owns 34 television stations and 4 satellite stations, all of which operate under licenses granted by the 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 has duopolies in 7 major markets: Philadelphia (market #4), San Francisco (market #5), Boston (market #6), Dallas (market #7), Detroit (market #10), Miami (market #15) and Pittsburgh (market #21). In February 2002, the Company announced an agreement to acquire KCAL-TV in Los Angeles. This acquisition, which is expected to close in mid-2002, will give the Company its second owned and operated station in Los Angeles and will bring to eight the number of major markets in which the Company will own two television broadcast stations. The Company-owned television stations reach approximately 44% of all U.S. television households, 39% of U.S. television households as measured by the FCC's national ownership rule. The FCC's order approving the merger of Viacom and CBS required that the Company be in compliance with the FCC's national ownership limitation of 35% by May 4, 2001. The Company challenged the rule in federal court and was granted a stay of the requirement to come into compliance with the limit pending an order of the court. On February 19, 2002, the court found the FCC's 1998 decision not to repeal or to modify the national ownership cap to be arbitrary and capricious and remanded the rule to the FCC for further consideration whether to repeal or modify the rule. On March 28, 2002, the FCC ordered that the Company has until 12 months after the issuance of a final FCC decision on the remand to file any application that may be necessary to come into compliance with any limits that may exist at that time.

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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.

Currently, broadcast signals are, for the most part, transmitted in analog form. However, in April 1997, the FCC assigned each existing television station a six MHz channel to be used for the broadcast of digital television. The FCC adopted a time schedule under which stations are required (absent conditions beyond their control) to construct digital transmission facilities and begin digital operations. The schedule has staggered deadlines depending upon a station's market size and whether the station is affiliated with a major broadcast television network (CBS, ABC, FOX or NBC). Under the schedule, the Company was required to construct digital transmission facilities for its CBS network affiliated stations in the top 10 markets by May 1, 1999, and by November 1, 1999, for its CBS network affiliated stations in the 11th through 30th markets. The Company is currently transmitting digital broadcasts for these CBS network affiliated stations, as follows: New York, Los Angeles, Chicago (low power), Philadelphia, San Francisco, Boston, Dallas (low power), Detroit, Minneapolis, Miami, Denver (low power), Pittsburgh and Baltimore. Stations identified as broadcasting at low power are broadcasting in the digital format, temporarily with a signal strength below the station's authorized power level. The Company is required to construct digital facilities for the five CBS network affiliated stations in markets below the top 30, as well as for its UPN network affiliated stations in all markets, by May 1, 2002. The Company is currently transmitting digital broadcasts for CBS network affiliated stations in Salt Lake City and Green Bay (low power) and UPN network affiliated stations in San Francisco, Dallas and Detroit.

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Television Stations

The table below sets forth the television stations owned by the Company as of March 1, 2002.

Station and Metropolitan Area Served(1)	Market Rank(2)	Type/Channel	Network Affiliation
WCBS-TV New York, NY	1	VHF/2	CBS
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, CA	5	VHF/5	CBS
KBHK-TV San Francisco, CA	5	UHF/44	UPN
WBZ-TV Boston, MA	6	VHF/4	CBS
WSBK-TV Boston, MA	6	UHF/38	UPN
KTVT-TV Dallas-FT. Worth, TX	7	VHF/11	CBS
KTXA-TV Dallas-FT. 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
WCCO-TV Minneapolis-St. Paul, MN	13	VHF/4	CBS
<i>Satellites:</i> KCCO-TV(3) Alexandria, MN			CBS
KCCW-TV(4) Walker, MN			CBS
WTOG-TV Tampa-St. Petersburg, Sarasota, FL	14	UHF/44	UPN
WFOR-TV Miami-Ft. Lauderdale, FL	15	VHF/4	CBS
WBFS-TV Miami-Ft. Lauderdale, FL	15	UHF/33	UPN
KCNC-TV Denver, CO	18	VHF/4	CBS

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KMAX-TV Sacramento-Stockton-Modesto, CA	19	UHF/31	UPN
KDKA-TV Pittsburgh, PA	21	VHF/2	CBS
WNPA-TV Pittsburgh, PA	21	UHF/19	UPN
WJZ-TV Baltimore, MD	24	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	35	VHF/2	CBS
<i>Satellite:</i> KUSG-TV(6) St. George, UT			CBS
WTVX-TV West Palm Beach-Ft. Pierce, FL	40	UHF/34	UPN/WB(7)
WGNT-TV Norfolk, Portsmouth, Newport News, VA	42	UHF/27	UPN
WUPL-TV New Orleans, LA	43	UHF/54	UPN
KAUT-TV Oklahoma City, OK	45	UHF/43	UPN
WLWC-TV Providence, RI-New Bedford, MA	49	UHF/28	UPN/WB(8)

KEYE-TV Austin, TX	54	UHF/42	CBS
WFRV-TV Green Bay-Appleton, WI	69	VHF/5	CBS
<i>Satellite:</i> WJMN-TV(9) Escanaba, MI	177		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 Rank based on September 2001 Nielsen Media Research U.S. Television Household Estimates as provided by BIA Media Access.
(3) WCCO-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 the UPN NETWORK. 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 the UPN NETWORK. The station has a secondary affiliation with the WB network.
(8) WLWC-TV's primary affiliation is with the UPN NETWORK. 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 an attributable 17.5% interest in WHDF-TV.

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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® (including BIG TICKET TELEVISION®) and VIACOM PRODUCTIONS™ acquires or produces, and distributes programming worldwide including series, miniseries, specials and made-for-television movies primarily for broadcast on network television and exhibition on premium subscription services, and first-run and off-network syndicated programming.

The Company's current network programming includes PHILLY (ABC); THE AGENCY (CBS); BABY BOB (CBS); BECKER (CBS); CSI: CRIME SCENE INVESTIGATION (CBS); THE DISTRICT (CBS); THE EDUCATION OF MAX BICKFORD (CBS); FAMILY LAW (CBS); FIRST MONDAY (CBS); THE GUARDIAN (CBS); JAG (CBS); ANDY RICHTER CONTROLS THE UNIVERSE (FOX); ED (NBC); FRASIER (NBC); ENTERPRISE (UPN); GIRLFRIENDS (UPN); ONE ON ONE (UPN); THE PARKERS (UPN); CHARMED (WB); THE JAMIE KENNEDY EXPERIMENT (WB); RAISING DAD (WB); SABRINA, THE TEENAGE WITCH (WB); and 7TH HEAVEN (WB). Generally, a network will license a specified number of episodes for exhibition on the network in the U.S. during a license period. The bulk of remaining distribution rights, including foreign and 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 such series as CAROLINE IN THE CITY; CLUELESS; DIAGNOSIS MURDER; EARLY EDITION; EVERYBODY LOVES RAYMOND; FRASIER; JAG; MOESHA; NASH BRIDGES; SABRINA, THE TEENAGE WITCH; 7TH HEAVEN; SISTER, SISTER; SPIN CITY; STAR TREK: VOYAGER and TOUCHED BY AN ANGEL. Outside the U.S., PARAMOUNT PICTURES INTERNATIONAL, WVI FILMS B.V. and CBS BROADCAST INTERNATIONAL distribute U.S. network series programming.

The Company produces and/or distributes programming for first-run syndication which it sells directly to television stations in the U.S. on a market-by-market basis. The Company's first-run syndicated programming includes such shows as THE ANANDA LEWIS SHOW, BOB VILA'S HOME AGAIN, ENTERTAINMENT TONIGHT, HOLLYWOOD SQUARES, HOT TICKET, INSIDE EDITION, JEOPARDY!, JUDGE JOE BROWN, JUDGE JUDY, MARTHA STEWART LIVING, MAXIMUM EXPOSURE, THE MONTEL WILLIAMS SHOW, THE OPRAH WINFREY SHOW, RENDEZ-VIEW and WHEEL OF FORTUNE. The DR. PHIL SHOW and LIFE MOMENTS are scheduled to be launched commencing in September 2002. Outside of the U.S., CBS BROADCAST INTERNATIONAL, PARAMOUNT PICTURES INTERNATIONAL and WVI FILMS B.V. distribute first-run syndicated programming and license format rights to game shows.

The Company produces and/or distributes original television programming for basic cable program services (such as the television series BEYOND CHANCE and THE DIVISION, on Lifetime), including for services in which the Company has an interest. It also produces and/or distributes for premium subscription services programming such as SOUL FOOD, RESURRECTION BLVD. and THE CHRIS ISAAK SHOW. The Company also co-produces and/or distributes original television programming for foreign television exhibition, including such shows as LARGO and MESSIAH.

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, 2001, the unrecognized revenues attributable to television program license agreements were approximately \$460.1 million, compared to approximately \$622 million at December 31, 2000.

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Infinity

Infinity's operations are focused on the out-of-home media business with operations in radio broadcasting through INFINITY RADIO, and outdoor advertising through VIACOM OUTDOOR. The Radio Stations and Outdoor Advertising Displays table below sets forth selected information with regard to Infinity's radio stations and outdoor advertising displays in the top 25 U.S. radio markets. Infinity benefits by offering both radio and outdoor advertising properties in the largest markets. Infinity characterizes its radio and outdoor advertising businesses as out-of-home because a majority of radio listening, and virtually all viewing of outdoor advertising, takes place in automobiles, transit systems, on the street and other locations outside the consumer's home. Infinity's strategy generally is to acquire out-of-home media properties in the largest markets.

Infinity Radio. INFINITY RADIO, consisting of 186 radio stations serving 41 markets, is one of the largest operators of radio stations in the U.S. Approximately 94% of the Company's radio stations are located in the 50 largest U.S. radio markets. INFINITY RADIO's focus on large markets makes it more appealing to advertisers, enables it to attract more highly skilled management, employees and on-air talent, and enables 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 smaller stations. Infinity owns the CBS RADIO NETWORK, which is managed by Westwood One, Inc.

INFINITY RADIO seeks to maintain substantial diversity among its radio stations in many respects. 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 its dependence on any single station, local economy, format or advertiser. INFINITY RADIO's general programming strategy includes acquiring significant on-air talent and the rights to broadcast sports franchises and news content for its radio stations. This strategy, in addition to developing loyal audiences for its radio stations, creates the opportunity to obtain additional revenues from syndicating such programming franchises to other radio stations.

Infinity owns approximately 15% of the common stock of Westwood One, Inc., which it manages pursuant to a management agreement. Westwood One is one of the leading producers and distributors of syndicated and network radio programming in the U.S. and distributes syndicated and network radio programming to the Company's radio stations as well as to competitors of Infinity.

Outdoor Advertising. VIACOM OUTDOOR sells advertising space on various media, including billboards, bulletins, buses, bus shelters and benches, trains, train platforms and terminals throughout commuter rail systems, mall posters and phone kiosks. 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, the Company 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 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 and Finland.

The substantial majority of Infinity's radio and outdoor advertising revenues are generated from the sale of local, regional and national advertising. The major categories of out-of-home advertisers include: automotive, retail, healthcare, telecommunications, fast food, beverage, movies, entertainment and services. Seasonal revenue fluctuations are common in the out-of-home media industry and are primarily the result of fluctuations in advertising expenditures by retailers. Infinity's revenues are typically lowest in the first quarter and highest in the fourth quarter.

Radio Stations and Outdoor Advertising Displays

The following table sets forth certain selected information with regard to the Company's radio stations and outdoor advertising displays in the top 25 U.S. markets as of March 1, 2002:

Market	2001 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, Kiosks, Billboards, Walls, Trestles, "Spectacular Signage," Bulletins, Posters, Mall Posters
		WCBS	AM	News	
		WFAN	AM	Sports	
		WINS	AM	News	
		WNEW	FM	Talk	
		WXRK	FM	Alternative Rock	
Los Angeles, CA	2	KCBS-FM	FM	Classic Rock	Bus, Bus Shelters, Kiosks, Beach Panels, Bulletins, Walls, Posters, Mall Posters
		KFWB	AM	News	
		KLSX	FM	Talk	
		KNX	AM	News	
		KROQ	FM	Alternative Rock	
		KRTH	FM	Oldies	
		KTWV	FM	Smooth Jazz	
Chicago, IL	3	WBBM-FM	FM	Contemporary Hit, Radio/Dance	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters
		WBBM	AM	News	
		WCKG	FM	Talk	
		WJMK	FM	Oldies	
		WSCR	AM	Sports	
		WUSN	FM	Country	
		WXRT	FM	Adult Alternative Rock	
San Francisco, CA	4	KCBS	AM	News	Bus, Bus Shelters, Rail, Cable Cars, Bulletins, Walls, Posters, Mall Posters
		KFRC-FM	FM	Oldies	
		KFRC	AM	Oldies	
		KITS	FM	Alternative Rock	
		KLLC	FM	Modern Adult Contemporary	
		KYCY	AM	Talk	
		KKWV	FM	Country	
Dallas—Fort Worth, TX	5	KHVN	AM	Gospel	Bulletins, Mall Posters
		KLUV	FM	Oldies	
		KOAI	FM	Jazz	
		KRBV	FM	Rhythmic Contemporary Hits	
		KRLD	AM	News/Talk	
		KVIL	FM	Adult Contemporary	
		KYNG	FM	Talk	
		Philadelphia, PA	6	KYW		AM	News	Bus, Bus Shelters, Rail, Bulletins, Mall Posters,
WIP	AM			Sports	
WOGI	FM			Oldies	
WPHT	AM			Talk	
WYSP	FM			Rock	
Washington, D.C.	7	WARW	FM	Classic Rock	Bus, Rail, Mall Posters
		WHFS	FM	Alternative Rock	
		WJFK-FM	FM	Talk	
		WPGC-FM	FM	Urban Contemporary	
		WPGC	AM	Gospel	
Boston, MA	8	WBCN	FM	Alternative	Bus, Rail, Mall Posters
		WBMX	FM	Modern Adult Contemporary	
		WBZ	AM	News/Talk	
		WODS	FM	Oldies	
		WZLX	FM	Classic Rock	

Houston, TX	9	KIKK-FM KIKK KILT-FM KILT	FM AM FM AM	Country Business Country Sports	Bulletins, Mall Posters
Detroit, MI	10	WKRK WOMC WVMV WWJ WXYT WYCD	FM FM FM AM AM FM	Talk Oldies Smooth Jazz News Sports Country	Bus, Bus Shelters, Bulletins, Posters, Mall Posters
Atlanta, GA	11	WAOK WVEE WZGC	AM FM FM	Gospel Urban Contemporary Classic Rock	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters
Miami-Ft. Lauderdale, FL	12	—	—	—	Bulletins, Mall Posters
Seattle-Tacoma, WA	14	KBKS KMPS KYCW KYPT KZOK	FM FM AM FM FM	Country Country Adult Contemporary Hit Radio 80's Pop Rock 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
Minneapolis, MN	16	WCCO WLTE WXPT KCCO	AM FM FM AM	News/Talk Adult Contemporary Modern Adult Contemporary Business Talk	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	18	—	—	—	Bus, Bulletins
St. Louis, MO	19	KEZK KMOX KYKY	FM AM FM	Soft Rock News/Talk Adult Contemporary Hot	Bulletins, Posters, Mall Posters
Baltimore, MD	20	WBGR WBMD WJFK WLIF WQSR WWMX WXYV	AM AM AM FM FM FM FM	Gospel Religion Talk Lite Music Oldies Hot Adult Contemporary Urban	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/Talk Oldies Country Smooth Jazz	Bulletins, Mall Posters
Denver, CO	22	KDJM KIMN KXKL	FM FM FM	Jammin' Oldies Adult Contemporary Oldies	Bus Benches, Bulletins, Posters, Mall Posters
Pittsburgh, PA	23	KDKA WBZZ WDSY WZPT	AM FM FM FM	News/Talk Contemporary Hit Radio Top 40 Country Hot Adult Contemporary	Bus, Bulletins, Mall Posters

Portland, OR	24	KVMX KINK KLTH KUFO-FM KUPL-FM KUFO	FM FM FM FM FM AM	80's Pop Rock Adult Album Alternative Smooth Jazz Album Oriented Rock Country Talk	Bulletins, Mall 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

(1) Market Rank based on Fall 2001 Market Survey Schedule and Population Ranking as provided by Arbitron Radio.

Entertainment

The Entertainment segment's principal businesses are PARAMOUNT PICTURES, which produces and distributes motion pictures; PARAMOUNT PARKS, which operates 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. Motion pictures are produced by PARAMOUNT PICTURES, produced by independent producers and financed in whole or in part by PARAMOUNT PICTURES, or produced by others and distributed by PARAMOUNT 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 videocassettes and DVDs, pay-per-view television, premium subscription television, network television, basic cable television and syndicated television exploitation. During 2001, PARAMOUNT PICTURES produced, co-produced or acquired, and theatrically released 14 feature motion pictures in the U.S., including DOWN TO EARTH, ALONG CAME A SPIDER, ENEMY AT THE GATES,

LARA CROFT: TOMB RAIDER, THE SCORE, RAT RACE and VANILLA SKY, and SAVE THE LAST DANCE presented with MTV FILMS; ZOOLANDER produced by VH1 FILMS™; and JIMMY NEUTRON: BOY GENIUS produced by NICKELODEON MOVIES, each in association with PARAMOUNT PICTURES. PARAMOUNT PICTURES currently plans to release approximately 18 films in 2002 (which release plans may change due to a variety of factors), including WE WERE SOLDIERS, which was released in March 2002, THE SUM OF ALL FEARS and STAR TREK: NEMESIS; CLOCKSTOPPERS, HEY ARNOLD! THE MOVIE, and THE WILD THORNBERRYS MOVIE, produced by NICKELODEON MOVIES; ORANGE COUNTY, produced by MTV FILMS in association with PARAMOUNT PICTURES, which was released in January 2002; and CROSSROADS, presented in association with MTV FILMS, which was released in February 2002.

PARAMOUNT CLASSICS™, a division of PARAMOUNT PICTURES, released seven films in 2001, including AN AMERICAN RHAPSODY, MY FIRST MISTER, FOCUS and SIDEWALKS OF NEW YORK. PARAMOUNT CLASSICS was established to handle the distribution of specialized film product that may require alternative release strategies from films generally distributed by PARAMOUNT PICTURES. PARAMOUNT CLASSICS currently plans to release approximately eight titles in 2002 (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 with respect to a number of films of entering into agreements to distribute such films produced and/or financed, in whole or in part, with other parties. The parties to these arrangements include studio and non-studio entities, both domestic and foreign. In various of these arrangements, the other parties control certain distribution and other ownership rights.

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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 videocassettes and DVDs in the U.S. and Canada through PARAMOUNT HOME ENTERTAINMENT™ and outside the U.S. and Canada, generally through PARAMOUNT HOME ENTERTAINMENT INTERNATIONAL. Commencing April 2000, PARAMOUNT HOME ENTERTAINMENT INTERNATIONAL started releasing pictures in DVD format in Europe and Japan. 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 Canada and licenses its motion pictures to residential and hotel/motel pay-per-view, airlines, schools and universities.

In addition to premium subscription television, most motion pictures are also licensed for exhibition on broadcast and/or basic cable television, with fees generally collected in installments. All of the above 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 both December 31, 2000 and December 31, 2001, the unrecognized revenues attributable to such licensing of completed films from PARAMOUNT PICTURES' license agreements were approximately \$1.0 billion. At December 31, 2001, PARAMOUNT PICTURES had approximately 1,000 motion pictures in its library. The Company also has a library of additional motion picture titles, most of which comprise the SPELLING ENTERTAINMENT™ library.

Through PARAMOUNT PICTURES and various of its affiliates, the Company is a joint venturer in a number of international program services, including THE PARAMOUNT COMEDY CHANNEL™ in the U.K., an afternoon and nighttime (including primetime) program service featuring comedies and films, which is a joint venture with BSkyB. The Company also offers THE PARAMOUNT COMEDY CHANNEL® in Spain, a wholly owned, 24-hour program service, including a NICKELODEON program segment.

Theatrical Exhibition. The Company's movie theater operations consist primarily of FAMOUS PLAYERS in Canada and United Cinemas International ("UCI") in Europe, Latin America and Asia. At December 31, 2001, FAMOUS PLAYERS, a wholly owned subsidiary of the Company, operated approximately 853 screens in 94 theaters across Canada. UCI, a 50%-owned joint venture of entities affiliated with the Company and Universal, operated as of December 31, 2001, approximately 1,091 screens in 120 theaters in the U.K., Ireland, Germany, Austria, Spain, Japan, Italy, Poland, Argentina, Brazil, Panama and Taiwan.

Music Publishing. The FAMOUS MUSIC publishing companies own, control and/or administer all or a portion of the copyright rights 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.

The majority of rights acquired by FAMOUS MUSIC are derived from (i) music acquisition 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) music acquisition agreements entered into directly by FAMOUS MUSIC with songwriters and music publishers, including exclusive songwriting agreements, catalog purchases and music administration agreements.

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

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DOMINION™, located near Richmond, Virginia; PARAMOUNT'S KINGS ISLAND™, located near Cincinnati, Ohio; PARAMOUNT CANADA'S WONDERLAND®, located near Toronto, Ontario; and 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 Fall 2001, PARAMOUNT PARKS entered into a long-term agreement to manage and operate Terra Mítica, a theme park located in the province of Valencia in Benidorm, Spain.

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

Video

The Company operates in the home video retail business, which includes both rental and sale of videocassette ("VHS") and DVD product as well as the rental and sale of video games, through its approximately 81% equity interest in Blockbuster Inc. As of December 31, 2001, BLOCKBUSTER operated approximately 6,400 stores and its franchisees and a joint venture in which BLOCKBUSTER owns a minority interest operated approximately 1,600 stores in the U.S., its territories and 26 other countries. BLOCKBUSTER also operates a Web site, Blockbuster.com, primarily for the purpose of supporting its brand and its stores through promotional devices.

In its stores, which operate primarily under the highly recognized BLOCKBUSTER brand name, BLOCKBUSTER offers movies primarily for rental and also offers certain titles for purchase. Some previously viewed product is also offered for purchase. During 2001, BLOCKBUSTER re-merchandised its stores to capitalize on the higher margin, fast growing DVD format and the next generation of video games by expanding its DVD copy depth and title selection, reconfiguring its stores to highlight DVD titles, and dedicating more of its store space to new game formats and other new initiatives. Approximately 81% and 71% of 2000 and 2001 total rental revenues, respectively, were derived from VHS product and approximately 7% and 19%, respectively, from DVD product. In the fourth quarter of 2001, approximately 65% of total rental revenues was derived from VHS product and approximately 23% from DVD product. BLOCKBUSTER also markets DIRECTV System equipment and DIRECTV® programming packages in over 4,200 of its U.S. stores and introduced a co-branded pay-per-view service with DIRECTV during 2001.

A competitive advantage that home video retailers, including BLOCKBUSTER, currently enjoy over most other movie distribution channels, except theatrical release, is the early timing of their "distribution window." Motion picture studios make their movies available to home video retailers for specified periods of time after their initial theatrical release. This distribution window is typically exclusive against most other forms of non-theatrical movie distribution, such as pay-per-view, premium television, basic cable and network and syndicated television. The length of this distribution window for home video retailers varies, but has typically ranged from about 45-60 days for domestic video retailers. Thereafter, movies are made sequentially available to television distribution channels.

Studios have traditionally released VHS titles that they want to promote primarily for rental at relatively high wholesale prices. The period during which the titles are released at higher prices is commonly referred to as the "rental window," because the prices are too high to generate consumer demand for purchasing them. In contrast, the studios are releasing movies on DVD at relatively low initial prices, called "sell-through" pricing, and are promoting DVDs for both purchase and rental from the beginning of the distribution window. Studios have traditionally reserved sell-through pricing on VHS product to titles that have mass ownership appeal, such as children's movies or movies that generate high box office returns. Mass merchant retailers are generally much more competitive with regard to sell-through titles than videocassettes priced for rental.

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Major studios, including PARAMOUNT PICTURES, have entered into VHS revenue-sharing and copy depth arrangements with wholesalers and directly with several video retailers, including BLOCKBUSTER, in order to facilitate a sufficient number of copies of VHS to better satisfy consumer demand, particularly during the early part of the video distribution window. Under these arrangements, generally, BLOCKBUSTER may be required to purchase certain minimum amounts of a studio's output for a specified period of time, and BLOCKBUSTER is permitted to acquire VHS titles for minimal up-front payments, with a percentage of the rental revenues shared with the studios over an agreed upon period of time. These VHS revenue-sharing arrangements are not as significant to BLOCKBUSTER's business as they have been historically due to the increasing importance of DVD product. BLOCKBUSTER has begun purchasing some DVD product through revenue-sharing arrangements, which could result in a rental window or other changes in the DVD business model. The current sell-through pricing for DVDs has enabled video retailers such as BLOCKBUSTER to purchase substantial quantities of DVDs with or without sharing revenue with the studios. The availability of DVDs for both sale and rental has served to accelerate consumer interest in the format. However, it has also served to increase competition from mass merchant retailers.

BLOCKBUSTER rents video game consoles and DVD players in most of its U.S. stores. In addition, in December 2001, BLOCKBUSTER began selling DVD players in order to promote the format. In 2002, BLOCKBUSTER has also begun selling video game consoles in a limited number of stores.

BLOCKBUSTER receives substantially all of its videocassettes, DVDs and games at its 850,000 square foot distribution center located near Dallas, Texas and distributes them directly to its stores. BLOCKBUSTER's franchisees are generally responsible for obtaining their own supplies and coordinating their own distribution system unless they participate under BLOCKBUSTER's revenue-sharing arrangements.

There is a distinct seasonal pattern to the 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.

Publishing

SIMON & SCHUSTER publishes and distributes consumer hardcover books, trade paperbacks, mass-market paperbacks, children's books, audiobooks, calendars, electronic books and CD-ROM products in the U.S. and internationally. SIMON & SCHUSTER's flagship imprints include SIMON & SCHUSTER, POCKET BOOKS, SCRIBNER and THE FREE PRESS. SIMON & SCHUSTER also develops special imprints and publishes titles based on MTV, VH1, NICKELODEON and PARAMOUNT PICTURES products 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 2001, SIMON & SCHUSTER published 98 titles which were New York Times bestsellers, including 14 New York Times number one bestsellers. Best-selling titles released by its Adult Publishing Group in 2001 include "DREAMCATCHER" by Stephen King; "JOHN ADAMS" by David McCullough; "ON THE STREET WHERE YOU LIVE" by Mary Higgins Clark; the National Book Award-winner "THE NOONDAY DEMON" by Andrew Solomon; "SELF MATTERS" by Phillip C. McGraw, Ph.D; "AN HOUR BEFORE DAYLIGHT" by Jimmy Carter; "MERCY" by Julie Garwood; "SEPARATION OF POWER" by Vince Flynn; "THE SUMMER HOUSE" by Jude Deveraux; "THE WILD BLUE" and "BAND OF BROTHERS" by Stephen Ambrose; and "GERMS" by Judith Miller, Stephen Engelberg and William Broad. Best-selling titles published by the Children's Publishing Division include "OLIVIA SAVES THE CIRCUS" by Ian Falconer and National Book Award-winner "TRUE BELIEVER" by Virginia Euwer Wolff, as well as a number of BOB THE BUILDER and JIMMY NEUTRON books, featuring the popular NICKELODEON characters.

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SIMON & SCHUSTER AUDIO® publishes audio editions of prominent works published by SIMON & SCHUSTER and by other publishers, as well as the PIMSLEUR® line of language instruction. Major titles released as audiobooks in 2001 include "JOHN ADAMS" by David McCullough, "LT'S THEORY OF PETS" by Stephen King, and "ENVY" by Sandra Brown. CD-ROM titles published by SIMON & SCHUSTER INTERACTIVE® in 2001 include "REAL WAR," "STAR TREK: DEEP SPACE 9: DOMINION WARS" and "PEARL HARBOR: ZERO HOUR."

SIMON & SCHUSTER ONLINE™, through SimonSays.com, publishes original content, builds reader communities, and promotes and sells SIMON & SCHUSTER's books and products over the Internet. In 2001, SIMON & SCHUSTER ONLINE opened an eBookstore at its site, SimonSaysShop.com, to sell electronic versions of SIMON & SCHUSTER titles directly to consumers.

International publishing includes the international distribution of English-language titles through SIMON & SCHUSTER UK™ 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 drive a significant portion of SIMON & SCHUSTER's sales throughout the year. Consumer books are generally sold on a fully returnable basis, resulting in significant product returns. In the international markets, the Company is subject to global trends and local economic conditions. On January 31, 2002, the Company announced that its publishing operation would be integrated with the Viacom Entertainment Group. As a result, effective January 1, 2002, the Company will present its publishing business as part of the Entertainment segment.

Viacom Plus

VIACOM PLUS is the Company's integrated advertising sales and marketing unit which represents all of the Company's business segments. VIACOM PLUS works to create long-term marketing relationships that use Viacom's multiple advertising platforms to build brands. Its programs are executed in cooperation with the sales and marketing organizations of the various Viacom businesses. Since its inception, VIACOM PLUS has generated programs with such companies as Procter & Gamble, Merrill Lynch, DaimlerChrysler, Taylor Made, Fidelity Investments, GlaxoSmithKline, Johnson & Johnson, Snapple and Home Depot.

Competition

Corporate mergers consummated in recent years have resulted in greater consolidation in the entertainment industries, which may also present significant competitive challenges to several of the Company's businesses.

Cable Networks

MTV Networks. MTVN services compete with other program services for channel space and compensation for carriage from cable television operators, DTH and other multichannel distributors. MTVN also 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 also compete with other cable services and broadcast television for the acquisition of popular programming.

Certain major record companies have launched music-based program services outside the U.S., including, but not limited to: Channel V, which is jointly owned and operated in Asia and Australia by Star TV and four major record labels; 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, satellite and other systems, and for distribution license fees and advertising revenues.

Children-oriented programming blocks 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. There are also a number of other U.S. cable television program services featuring 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, satellite and other systems, and for distribution license fees and advertising revenue.

With respect to MTVN's Web sites, the major record companies, which control the vast majority of recorded music, have started to engage in strategic arrangements, including business combinations, with Internet and Internet-related businesses for the online distribution and other commercialization of their music libraries and artist relationships.

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. More specifically, the BET CABLE NETWORK and BET JAZZ 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 revenues 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 revenues. BET BOOKS competes with other publishers generally, and particularly with those publishers that target its specific audience.

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 quality 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. HBO is the dominant company in the U.S. premium subscription television category, offering two premium subscription television program services, the HBO service and Cinemax. SNI is second to HBO with a significantly smaller share of the premium subscription television category. Starz Encore Group L.L.C. owns the third principal premium subscription television program service in the U.S., Starz!, which features recently released motion pictures and competes with SNI's and HBO's premium program services.

Television

The television broadcast environment is highly competitive. The principal methods of competition in broadcast television are the acquisition of popular programming and the development of audience interest through programming and promotions 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, independent television stations, basic cable program services as well as other media, including satellite television services, videocassettes, DVDs, print and the Internet. Television stations compete for programming and for advertising revenues with other stations in their respective coverage areas and, in some cases, with other station groups for programming, and in the case of advertising revenues, with other local and national media. In addition, the CBS and UPN television networks compete with other television

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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.

Because an extended conversion to digital television broadcasting has begun, current and future technological developments may affect competition within the television marketplace. Technological developments that compress digital signals will increasingly permit the same broadcast, cable, or satellite channel to carry multiple video and data services which could result in an expanded field of competing services. 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 expected to end in the year 2006, at which time the FCC expects that broadcasters will 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 to sell programming both domestically and overseas.

Infinity

The Company's radio stations and outdoor advertising properties compete for audience, advertising revenues and programming directly with other radio stations and outdoor advertising companies, as well as with other media, such as broadcast television, newspapers, magazines, cable television, the Internet and direct mail, within their respective markets. The growth of Internet radio could bring increased competition, in part depending on the royalty rates for music used on Internet radio set by Copyright Arbitration Royalty Panels and/or through negotiations with rightsholders.

The radio and outdoor advertising industry is also subject to competition from new media technologies that are being developed or introduced, such as the delivery of audio programming by cable television systems, by satellite and by terrestrial delivery of digital audio broadcasting. Recently, two satellite-delivered audio programming services launched, each providing up to 100 channels of pay audio services nationwide. While primarily pay services, advertising time will be sold on some of their channels. The FCC also has a pending proceeding which contemplates the use of digital technology by existing AM and FM radio broadcast stations to both improve sound quality and provide spectrum for enhanced data services to complement the existing programming service and provide new business opportunities for radio broadcasters. This digital technology is currently being tested on radio stations throughout the country, including certain stations owned by the Company. The FCC recently authorized a new low power FM service (LPFM) with the intent of creating opportunities for low cost neighborhood service on frequencies which would not interfere with existing stations. LPFM stations are not permitted to sell advertising time.

Entertainment

Theatrical Motion Pictures. The Company competes with other major studios and independent film producers in the production and distribution of motion pictures, videocassettes and DVDs. 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.

Parks. During the last three years, the regional theme park industry has experienced increased consolidation. The Company must now compete in a business environment that is dominated by 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

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existing attractions and facilitate the development of new attractions, which encourage visitors to the PARAMOUNT PARKS theme parks and STAR TREK: THE EXPERIENCE at the Las Vegas Hilton. 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 or sell movies and (ii) providers of direct delivery home viewing entertainment.

Video stores and other retailers that rent or sell movies include, among others, (i) local, regional and national video stores; (ii) mass merchant retailers; (iii) toy and entertainment retailers; (iv) supermarkets, pharmacies and convenience stores; and (v) online retailers and mail order services. The Company believes that the principal factors that BLOCKBUSTER faces in competing with video stores and other retailers are (a) convenience and visibility of store locations; (b) quality, quantity and variety of titles in the desired format; (c) pricing; and (d) customer service.

With the development of new technologies, a competitive risk to BLOCKBUSTER's video store business comes from direct broadcast satellite and digital cable television. In response to this competition, in 2000 BLOCKBUSTER entered the direct broadcast satellite market through its alliance with DIRECTV (see "Viacom Business Segments—Video"). 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. 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, some 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.

A competitive advantage that the home video retail industry currently enjoys over most other movie distribution channels, including pay-per-view, is the early timing of the video retail "distribution window" (see "Viacom Business Segments—Video"). In addition, there is currently a "rental window" for most VHS titles before they go into the sell-through market, which window prevents consumers from inexpensively buying a title aimed at the rental market for a period of time after a rental outlet receives it. This window does not currently exist for DVDs which has accelerated consumer interest in the format but has also served to increase competition from mass merchant retailers (see "Viacom Business Segments—Video"). BLOCKBUSTER's business could be negatively affected if the studios adversely change their distribution windows; the absence of a DVD rental window results in consumer preference for buying, rather than renting, movies; and/or new technologies become widely accepted by consumers.

Publishing

The consumer publishing business is highly competitive and has been affected by consolidation trends. Recent years have brought a number of significant mergers 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.

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The Company must compete with other publishers for the rights to works by well-known authors and public personalities.

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

Domestic and international laws affecting intellectual property are of significant importance to the Company.

Copyright Treaties. Delegates to the World Intellectual Property Organization adopted a proposed Copyright Treaty which has been ratified by 30 nations, including the U.S., and became effective on March 6, 2002. The Copyright Treaty updates the Berne Convention, last revised in 1971, and addresses copyright protection for new technologies that have emerged since that time. Because the Treaty includes important copyright protections for the digital transmission of content, the Treaty is likely to have a positive impact on the Company. The U.S. implementing legislation for the Copyright Treaty, known as the Digital Millennium Copyright Act ("DMCA") also affords important copyright protections, including civil and criminal penalties for the manufacture of, or trafficking in, devices that circumvent copyright protection technologies such as encryption and scrambling, and for the act of circumventing such technologies to gain unauthorized access to a copyrighted work. 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 twenty 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 February 2002, the U.S. Supreme Court agreed to review the constitutionality of Congress' action in extending the term.

Compulsory Copyright License.

Multichannel Distributors Other Than DTH. The Copyright Act provides a compulsory license for the retransmission of broadcast signals by multichannel video distributors such as cable television, MMDS (Multipoint Multichannel Distribution Systems) and SMATV (Satellite Master Antenna Television) operators. The compulsory license rate paid to programmers for the retransmission of distant broadcast signals by cable, MMDS and SMATV operators is established by statute. There is no licensing fee for the retransmission of local broadcast signals.

DTH. In November 1999, Congress enacted legislation to extend and reform the Satellite Home Viewer Act (SHVA). The original SHVA legislation created a temporary compulsory license that allowed satellite carriers to import distant broadcast signals to those homes that were unable to receive their local broadcast signals. This distant signal compulsory license was set to expire at the end of 1999. Through the SHVA legislation, Congress extended the distant signal compulsory license until

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December 31, 2004, and set a statutory compulsory license fee for these distant signals. Up to this point, the DTH compulsory license fee was set through negotiations and binding arbitration. In addition, Congress created a new and permanent compulsory license for the retransmission of local broadcast signals back into the local market, the so-called "local-into-local" provision. Unlike the distant signal compulsory license, the local signal compulsory license is royalty-free.

First Sale Doctrine. The copyright "First Sale" doctrine provides that in the U.S. 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. The First Sale doctrine does not apply to sound recordings or computer software (other than software made for a limited purpose computer, such as a video game platform) for which the Copyright Act vests a rental right (i.e., the right to control the rental of the copy) in the copyright holder. The repeal or limitation of the First Sale doctrine (or conversely, 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. Outside of the U.S., the right to rent home video works is obtained through a blanket licensing 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 an Internet address of an established trademark with the hopes of selling the Internet address to the affected company. 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 the recent introduction of additional top level domains may increase the number of domain name registrations.

Cable Networks

Cable Rate Regulation. The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") directed the FCC to limit by regulation cable system rates for the "basic service tier" ("BST") (including retransmission consent and must carry broadcast signals and public, educational and governmental channels) and the "cable programming service tier" ("CPST") to a level not to exceed the rates that would be charged in the presence of effective competition. Programming offered on a per-channel or per-program basis is exempt from rate regulation.

Although all rate regulation of the CPST expired on March 31, 1999, local franchising authorities continue to be responsible for regulating the BST. The Company believes that cable rate regulation adversely affects its non-premium cable program services which rely on cable operator license fee support, along with advertising revenues, to maintain the quantity and quality of programming. Rate regulation in this area tends to erode cable operator incentives to invest in programming and particularly in start-up program services.

Program Access. The "program access" provisions of the 1992 Cable Act impose certain pricing and other restrictions on vertically integrated program providers (those program services that are owned in whole or in part by cable operators or telephone companies) with respect to the provision of their program services to multichannel programming distributors, such as cable systems, SMATV systems, MMDS operators and DTH distributors. The program access provisions were intended to spur competition to cable providers by facilitating the access of cable competitors to programming owned by cable operators or their affiliates. The Company's wholly owned program services are not currently subject to the program access rules. Legislation that would extend the program access provisions to non-vertically integrated program services, if enacted, could adversely impact the Company's program services by reducing the Company's flexibility to negotiate the most favorable terms available for the distribution of its content. No such legislation is pending in Congress at this time.

Online Music Royalties. MTVN, on behalf of its Web sites, currently obtains much of its content from record labels, music publishers and artists. MTVN obtains certain rights to some of its 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.

Programming. Under FCC rules, cable operators must eventually close caption most of their programming on a phased-in basis, which began in January 1998. As a practical matter, however, cable networks assume responsibility for these closed captioning requirements. FCC rules also directed that all television receiver models with screens 13 inches or larger be equipped with "V-chip" technology as of January 1, 2000. This technology, which works in tandem with television ratings (age and content markers), permits parents to block out certain programming from their children. Most cable networks, including those of MTVN and SNI, voluntarily encode their programming with television ratings.

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 under a license 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; 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 television systems and other electronic media that compete with broadcast stations.

License Assignments and Renewals. The Communications Act requires prior approval for the assignment of a license or transfer of control of a licensee. When passing on an assignment or transfer application, the FCC is prohibited from considering whether the public interest might be served by an assignment or transfer to any party other than the assignee or transferee specified in the application. The FCC is authorized to renew broadcast licenses for terms of up to eight years. The Communications Act requires renewal of a broadcast license if the FCC finds that the station has served the public interest, convenience and necessity; there have been no serious violations of either the Communications Act or the FCC's rules and regulations by the licensee; and there have been no other serious violations that taken together constitute a pattern of abuse.

Ownership Regulation. The Communications Act and FCC rules and regulations also regulate broadcast ownership. The FCC has promulgated rules that, among other matters, limit the ability of individuals and entities to own or have an official position or ownership interest, known as an attributable interest, above a specific level in broadcast stations as well as other specified mass media entities. The FCC's various broadcast ownership rules applicable to the Company are summarized below.

Local Radio Ownership. With respect to radio licenses, the maximum allowable number of 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. The FCC released a Notice of Proposed Rulemaking ("NPRM") in November 2001, which seeks comment on a wide range of issues relating to its rules and policies governing multiple ownership of radio stations in local markets. While the NPRM does not propose any specific rules, it asks questions about new regulatory approaches, focusing in particular on placing limits on consolidation based upon market advertising revenue share, which appear to be designed to address what the

Local Television Ownership. The FCC's television duopoly rule permits parties to own television stations without regard to signal contour overlap provided they are located in separate markets, referred to as designated market areas. The rules also permit parties to own up to two television stations in the same designated market so long as at least eight independently owned and operating full-power television stations remain in the market at the time of acquisition and that at least one of the two stations is not among the top four-ranked stations in the market based on audience share. Further, without regard to numbers of remaining or independently owned TV stations, the FCC will permit television duopolies within the same designated market area so long as certain signal contours of the stations involved do not overlap.

The Company has duopolies in the following seven television markets: Philadelphia, San Francisco, Boston, Dallas, Miami, Detroit, and Pittsburgh, and the announced agreement to acquire KCAL-TV in Los Angeles, expected to close mid-2002, will bring this number to eight.

National Television Ownership Cap. On the national level, the FCC imposes a 35% national audience reach cap for television ownership, under which one party may not have an attributable interest in television stations which reach more than 35 percent of all U.S. television households.

After divestitures and station swaps following the merger with CBS, the television stations currently held by the Company have an aggregate national audience reach for purposes of the national ownership cap of approximately 39%. In connection with the Viacom/CBS merger, the FCC ordered the Company to come into compliance with the national television ownership cap by May 4, 2001. However, the Company challenged the national ownership limit in federal court and the FCC-mandated divestiture was stayed pending an order of the court. On February 19, 2002, the court found the FCC's 1998 decision not to repeal or to modify the national ownership cap to be arbitrary and capricious and remanded the rule to the FCC for further consideration whether to repeal or modify the rule. On March 28, 2002, the FCC ordered that the Company has until 12 months after the issuance of a final FCC decision on the remand to file any application that may be necessary to come into compliance with any limits that may exist at that time.

Dual Network Rule. In 1996, Congress directed the FCC to liberalize the dual network rule, which then generally prohibited television stations from affiliating with an entity that maintained more than one national network. In April 2001, the FCC eliminated the application of the dual network rule to the UPN and WB networks. As a result, the Company, which was temporarily permitted to own both CBS and UPN subject to programming separation requirements as a condition of the Commission's approval of the CBS merger, is now permitted to own both networks indefinitely and without restriction. The remaining provision of the current dual network rule prohibits any of the four major networks—ABC, CBS, FOX and NBC—from combining.

Radio-Television Cross-Ownership. The radio-television cross-ownership rule permits common ownership or control of a radio station, whether AM, FM or both, and a television station (or two television stations, if such combination is permitted by the local television ownership rule) in the same market. The rule embodies a graduated test based on the number of independently owned media voices in the local market. In the largest markets, common ownership of seven radio stations and one television station, or six radio stations and two television stations, is allowed.

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 Commission'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 total weekly programming, or is a same-market media entity, whether TV, radio, cable or newspaper; 5% or greater voting stock

interest; 20% or greater voting stock interest, if the holder is a qualified passive investor; any equity interest in a limited liability company or limited partnership, unless properly "insulated" from management activities; and all officers and directors of a licensee and its direct or indirect parent.

In a clarification of the attribution rules, which was issued in January 2001, the FCC eliminated the single majority shareholder exemption, which previously had rendered as non-attributable interests up to 49% if the licensee is controlled by a single majority 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 exemption to be arbitrary and capricious, the FCC reinstated the single majority shareholder exemption pending the outcome of a rule making to reconsider this matter.

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 twenty percent 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 does periodic surveys of 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 video channel equal in quality to the current technical standard.

The FCC required affiliates of ABC, CBS, FOX and NBC in the top 10 television markets to begin digital broadcasting by May 1, 1999. Affiliates of the four major networks in the top 30 markets were required to begin digital broadcasting by November 1, 1999, and all other commercial broadcasters must do so by May 1, 2002. The FCC's plan calls for the digital television transition period to end in the year 2006, at which time the FCC expects that television broadcasters

will 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 will incur considerable costs in the conversion to digital television and is unable to predict the extent or timing of consumer demand for any such 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 designated market area, 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

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consideration in return for consenting to carriage. When stations elect mandatory carriage, cable operators are required to carry them on a tier of service provided to every subscriber, and in certain channel positions designated in the 1992 law. Cable operators are prohibited from degrading a television station's signal, but are not required to carry duplicative signals or video that is not considered primary. Television stations may file complaints with the Commission against cable operators for non-compliance with the mandatory carriage requirements; in addition, both cable operators and television stations may file petitions with the Commission either to expand or to contract a commercial television station's market for broadcast signal carriage purposes.

In 1999, Congress enacted the Satellite Home Viewer Improvements Act (SHVIA), which permits satellite carriers to retransmit a local television station's signal into its local market without copyright liability, subject to the consent of the local broadcaster. Further, until the end of 2004, the satellite carrier may retransmit distant network signals to certain households unserved by local network affiliates. Finally, beginning on January 1, 2002, satellite carriers were required to carry the signals of all local broadcast stations, if they so request, in local markets in which the satellite 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 satellite carriers, either through retransmission consent agreements or mandatory carriage obligations.

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 has tentatively concluded that cable operators will not be required to carry both a station's analog and digital signal during the transition period. The FCC has not yet decided whether to require satellite carriage of both analog and digital broadcast signals during the transition period.

Digital Audio Radio Service and Low Power FM. The FCC has authorized or is considering authorizing various digital audio radio services. In January 1995, the FCC adopted rules to allocate spectrum for satellite-delivered digital audio radio services (DARS). Recently, two satellite-delivered audio programming services launched, each providing up to 100 channels of pay audio services nationwide. While primarily pay services, advertising time will be sold on some of their channels. The FCC also has a pending proceeding which contemplates the use of digital technology by existing AM and FM radio broadcast stations to both improve sound quality and provide spectrum for enhanced data services to complement the existing programming service and provide new business opportunities for radio broadcasters. This digital technology is currently being tested on radio stations throughout the country, including certain stations owned by the Company. The Company cannot predict the impact of either DARS or terrestrial digital audio radio services on its business. The Company has an ownership interest in iBiquity Digital Corporation, which is now the only entity developing the technology for in-band on-channel digital audio terrestrial transmissions by existing radio stations.

The FCC established a new low power FM service (LPMF) on January 20, 2000, which envisions stations that would operate in the existing FM band to provide small area, localized service. LPMF applicants are eligible for LPMF licenses only if their proposed stations fully protect full service FM stations (and FM translator stations). At this time, the Company cannot predict the impact, if any, that LPMF authorizations might have on the Company's broadcast operations.

Outdoor Advertising

The outdoor advertising industry is subject to extensive governmental regulation in the U.S. at the federal, state and local levels. These regulations include restrictions on the construction, repair, upgrading,

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height, size and location of and, in some instances, content of advertising copy being displayed on outdoor advertising structures.

Federal law, principally the Highway Beautification Act of 1965 (Highway Beautification Act), encourages states, by the threat of withholding 10% of the federal appropriations for the construction and improvement of highways within such states, to implement state legislation to prohibit billboards located within 660 feet of, or visible from, interstate and primary highways, except in commercial or industrial areas where off-site signage is permitted provided it meets spacing and size restrictions. All of the states have implemented regulations at least as restrictive as the Highway Beautification Act. The Highway Beautification Act, and the various state statutes implementing it, require payment of just compensation whenever governmental authorities require legally erected and maintained billboards to be removed from areas adjacent to federally-aided highways.

State and local jurisdictions have, in some cases, passed additional and more restrictive regulations applicable to the construction, repair, upgrading, height, size and location of outdoor advertising structures adjacent to federally-aided highways and other thoroughfares. In some cases, the construction of new billboards or the relocation or modification of existing billboards is prohibited. From time to time, governmental authorities order the removal of billboards by the exercise of eminent domain. Thus far, the Company believes it has been able to obtain satisfactory compensation for its structures removed at the direction of governmental authorities, although there is no assurance that it will be able to continue to do so in the future.

Outdoor advertising in Canada is subject to regulation at the federal, provincial and municipal levels. These regulations may prohibit advertising of certain products on outdoor signs in certain locations. In Mexico, the placement of outdoor billboards is primarily regulated at the local level. For example, Mexico City regulates the placement of billboards near historical monuments. In France, outdoor advertising is regulated at the national, regional and local levels, including the regulation of content and the duration of certain contracts.

To date, regulations in the Company's outdoor advertising markets have not materially adversely affected its operations. However, the outdoor advertising industry is heavily regulated and at various times and in various markets can be expected to be subject to varying degrees of regulation affecting the operation of advertising displays. Accordingly, although the Company's experience to date is that the regulatory environment is not unduly restrictive, no assurance can be given that existing or future laws or regulations will not adversely affect the Company.

Video

BLOCKBUSTER is subject to various regulations affecting its business, including state and local advertising, consumer protection, credit protection, licensing, zoning, land use, construction, environmental, and minimum wage and other labor and employment regulations. BLOCKBUSTER must also comply with various federal, state and local laws that govern the access and use of its video stores by disabled people and the disclosure and retention of video rental records.

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 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, as franchisor, 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.

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BLOCKBUSTER is also subject to a number of state 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.

Compliance with federal and state 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®, CMT®: COUNTRY MUSIC TELEVISION™, MTV MUSIC TELEVISION®, NICK AT NITE®, NICKELODEON®, THE NEW TNN: THE NATIONAL NETWORK®, TV LAND®, VH1 MUSIC FIRST®, PARAMOUNT®, 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, 2001, the Company employed approximately 122,770 people, of which approximately 60,100 were full-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 15 to the Consolidated Financial Statements.

Cautionary Statement Concerning Forward-Looking Statements

This document and the documents incorporated by reference into this Form 10-K, 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 involve known and unknown risks, uncertainties and other factors 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-34 of "Management's Discussion and Analysis of Results of Operations and Financial Condition." The Company does not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

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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 utilized for executive and certain operating division offices or is leased to third parties, and the CBS Broadcast Center complex located on approximately 3.7 acres at 524 West 57th Street and consists of approximately 860,000 square feet. The Company also owns 3 studio facilities in California: (a) the Paramount Pictures studio at 5555 Melrose Avenue, Los Angeles, California, located on approximately 65 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 240,000 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 throughout the U.S., Canada and several countries around the world for its businesses. The Company considers its properties adequate for its present needs.

Item 3. Legal Proceedings.

Antitrust. The Company, Blockbuster and Paramount Home Entertainment are among the defendants in a lawsuit filed on July 21, 1999 in the United States District Court for the Western District of Texas by one former and three present independent video retailers against the major motion picture studios and the Company. The plaintiffs, purporting to act as class representatives on behalf of themselves and all others similarly situated, alleged that the Company and the studios conspired among themselves and with Blockbuster to restrain competition in the nationwide market for distribution of videocassettes for rental to the public in violation of federal and California law. Plaintiffs sought injunctive relief under federal law as well as triple the amount of the alleged actual damages to themselves and those similarly situated under California statutes. In January 2001, plaintiffs moved to withdraw their California state law claims from the federal lawsuit in Texas and filed a substantially similar complaint with approximately 200 additional named plaintiffs in Superior Court for the County of Los Angeles. This complaint also sought certification of a nationwide class of similarly situated plaintiffs. In March 2001, the Texas court denied the plaintiffs' motion for class certification of both the federal and the California state law claims in the federal action and denied the plaintiffs' motion to withdraw their California state law claims from that action. On January 8, 2002, the California court also denied plaintiffs' motion for class certification. The Company believes that the plaintiffs' position in these litigations is without merit and intends to defend itself vigorously in the litigations.

Asbestos and Environmental. The Company is a defendant in lawsuits claiming various asbestos-related personal injuries, 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 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

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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. As of December 31, 2001, the Company had pending approximately 106,000 asbestos claims, as compared to approximately 100,000 as of December 31, 2000 and 121,000 as of December 31, 1999. Of the claims pending as of December 31, 2001, approximately 75,000 were pending in state courts, 22,000 in federal court and approximately 9,000 were third party claims. During 2001, the Company received approximately 60,000 new claims and closed approximately the same number of 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 in 2001 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits, were approximately \$21 million. A portion of such costs relates to claims settled in prior years.

Filings include claims for individuals suffering from mesothelioma, a rare cancer which is allegedly caused solely 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. Only a very small percentage of the Company's pending asbestos claims that identify the alleged injury contain allegations that the plaintiff's exposure to asbestos resulted in cancer; in recent filings in which the Company knows the nature of the claimed injury, the percentage of cancer claims has been declining significantly. In more than 50% of the 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.

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.

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 the above-described legal matters are not likely 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

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Set forth below is certain information concerning the executive officers of the Company.

Name	Age	Title
Sumner M. Redstone	78	Chairman of the Board of Directors and Chief Executive Officer
Mel Karmazin	58	President and Chief Operating Officer and Director
Richard J. Bressler	44	Senior Executive Vice President and Chief Financial Officer
Carl D. Folta	44	Senior Vice President, Corporate Relations
Robert G. Freedline	44	Vice President and Treasurer
Michael D. Fricklas	42	Executive Vice President, General Counsel and Secretary
Susan C. Gordon	48	Vice President, Controller and Chief Accounting Officer
Carol A. Melton	47	Senior Vice President, Government Affairs
William A. Roskin	59	Senior Vice President, Human Resources and Administration
Martin M. Shea	58	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 Brent D. Redstone and Shari Redstone, Directors of the Company, are the son and daughter, respectively, of Sumner M. Redstone.

Mr. Redstone has been a Director of the Company since 1986 and Chairman of the Board since 1987, acquiring the additional title of Chief Executive Officer in January 1996. Mr. Redstone has served as Chief Executive Officer of NAI since 1967, and continues to serve in such capacity; he has also served as Chairman of the Board of NAI since 1986. Mr. Redstone was President of NAI from 1967 through 1999. Mr. Redstone became a Director of Blockbuster in 1999. He is a member of the Advisory Council for the Academy of Television Arts and Sciences Foundation and on the Board of Trustees for The Museum of Television and Radio. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners, and is currently a member of the Executive Committee of that organization. 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. In 1944, Mr. Redstone graduated from Harvard University and, in 1947, received an LL.B. from Harvard University School of Law. Upon graduation, he served as Law Secretary with the U.S. Court of Appeals, and then as a Special Assistant to the U.S. Attorney General.

Mr. Karmazin has been President and Chief Operating Officer of the Company and a member of the Board of Directors since May 2000. He became a Director of Blockbuster in May 2000. Mr. Karmazin served as President and Chief Executive Officer of CBS Corporation from January 1999 until May 2000, and President and Chief Operating Officer from April 1998 through December 1998. Mr. Karmazin also served as Chairman, President and Chief Executive Officer of Infinity Broadcasting Corporation from December 1998, the time of Infinity's most recent initial public offering, until its public shares were acquired by the Company. Mr. Karmazin joined CBS 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, Mr. Karmazin served as President and Chief Executive Officer of Infinity Broadcasting Corporation from 1981 to December 1996. Mr. Karmazin is Vice Chairman of the Board of Trustees for The Museum of Television and Radio and serves on the Board of Directors of the New York Stock Exchange, Inc. and Westwood One, Inc.

Mr. Bressler has been Senior Executive Vice President and Chief Financial Officer since May 2001. He became a Director of Blockbuster in 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.

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. From 1984 until joining the Company in April 1994, Mr. Folta held various Corporate Communications positions at Paramount Communications Inc., serving most recently as Senior Director, Corporate Communications.

Mr. Freedline has been Vice President and Treasurer of the Company since May 2000. 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 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 Deputy General Counsel of the Company. He served as Vice President, General Counsel and Secretary of Minorco (U.S.A.) Inc. from 1990 to 1993. Prior to that, Mr. Fricklas was an attorney in private practice at the law firm of Shearman & Sterling.

Ms. Gordon was elected Vice President, Controller and Chief Accounting Officer in April 1995. Prior to that, she served as Vice President, Internal Audit of the Company since October 1986. From June 1985 to October 1986, Ms. Gordon served as Controller 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, Corporate 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.

PART II

Item 5. Market for Viacom Inc.'s Common Equity and Related Security Holder 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 "VIA.B", 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
2000				
1st quarter	\$ 63.31	\$ 49.56	\$ 63.25	\$ 49.56
2nd quarter	71.25	46.06	70.88	45.69
3rd quarter	76.06	55.00	75.88	54.13
4th quarter	59.81	44.56	59.88	44.31
2001				
1st quarter	\$ 59.50	\$ 38.40	\$ 59.13	\$ 37.90
2nd quarter	59.69	40.00	59.50	39.00
3rd quarter	53.40	28.62	53.20	28.25
4th quarter	48.20	32.65	48.01	32.00

Viacom Inc. has not declared cash dividends on its common stock for the periods presented above and has no present intention of so doing.

As of March 8, 2002, there were approximately 6,327 record holders of Viacom Inc. Class A Common Stock and 75,038 record holders of Viacom Inc. Class B Common Stock.

Item 6. Selected Financial Data.

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

	Year Ended December 31,				
	2001(a)	2000(b)(c)	1999	1998(d)(e)	1997
Revenues	\$ 23,222.8	\$ 20,043.7	\$ 12,858.8	\$ 12,096.1	\$ 10,684.9
Operating income	\$ 1,460.2	\$ 1,320.9	\$ 1,247.3	\$ 751.6	\$ 685.4
Net earnings (loss) from continuing operations before extraordinary loss and cumulative effect of change in accounting principle	\$ (219.6)	\$ (363.8)	\$ 371.7	\$ (43.5)	\$ 373.5
Net earnings (loss) from continuing operations	\$ (223.5)	\$ (816.1)	\$ 334.0	\$ (122.4)	\$ 793.6
Net earnings (loss) attributable to common stock	\$ (223.5)	\$ (816.1)	\$ 321.6	\$ (149.6)	\$ 733.6
Basic earnings per common share:					
Net earnings (loss) from continuing operations before extraordinary loss and cumulative effect of change in accounting principle	\$ (.13)	\$ (.30)	\$.52	\$ (.10)	\$.44
Net earnings (loss)	\$ (.13)	\$ (.67)	\$.46	\$ (.21)	\$ 1.04
Diluted earnings per common share:					
Net earnings (loss) from continuing operations before extraordinary loss and cumulative effect of change in accounting principle	\$ (.13)	\$ (.30)	\$.51	\$ (.10)	\$.44
Net earnings (loss)	\$ (.13)	\$ (.67)	\$.45	\$ (.21)	\$ 1.04
At Year End:					
Total assets	\$ 90,809.9	\$ 82,646.1	\$ 24,486.4	\$ 23,613.1	\$ 28,288.7
Long-term debt, net of current portion	\$ 10,823.7	\$ 12,473.8	\$ 5,697.7	\$ 3,813.4	\$ 7,423.0
Total stockholders' equity	\$ 62,716.8	\$ 47,966.9	\$ 11,132.0	\$ 12,049.6	\$ 13,383.6

Viacom Inc. has not declared cash dividends on its common stock for any of the periods presented above. All share and per share amounts reflect a two-for-one stock split in 1999. In 1998 and 1997 results include operating results and net gains on dispositions of businesses presented as discontinued operations.

(a) Results include pre-tax special item Blockbuster charges of \$395 million (\$198 million, after-tax) primarily for the elimination of less-productive VHS tapes; and restructuring charges of approximately \$67 million and \$53 million for MTV Networks and United Paramount Network, respectively.

(b) 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.

(c) 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.

(d) During the second quarter of 1998, Blockbuster recorded a pre-tax charge of approximately \$424 million (\$273 million, after-tax) representing an adjustment to the carrying value of rental tapes due to a change in the method of amortizing rental inventory.

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(e) Results include an extraordinary pre-tax loss for the early extinguishment of debt of approximately \$127 million (\$75 million after-tax).

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

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition.

(Tabular dollars in millions)

General

Management's discussion and analysis of the results of operations and financial condition of Viacom Inc. and its subsidiaries ("Viacom" or the "Company") 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.

Several events occurred during 2001 and 2000 that affect the comparability of the Company's historical results for the periods presented. The significant events were as follows:

- In the second half of 2001, Blockbuster, a majority owned subsidiary of the Company, recorded primarily non-cash charges of approximately \$395 million, principally related to the elimination of less-productive VHS tapes as part of its strategic re-merchandising plan to transition from VHS to the higher margin DVD rental market and a change in amortization.
- The Company's 2001 results were impacted by lost revenues and increased costs attributable to the events of September 11 and by the challenging economic environment experienced during the year.
- In the fourth quarter of 2001, the Company recognized restructuring charges of approximately \$67 million at MTV Networks associated with a reduction in workforce and \$53 million at United Paramount Network ("UPN") associated with the integration of UPN into CBS Network operations.
- In February 2001, the Company completed a merger with Infinity Broadcasting Corporation ("Infinity"), acquiring all of the issued and outstanding shares of Infinity common stock that it did not already own for a purchase price of approximately \$13.4 billion.
- In January 2001, the Company completed its acquisition of BET Holdings II, Inc. ("BET") for approximately \$3 billion, consisting principally of Viacom Class B Common Stock and the assumption of debt.
- In May 2000, the Company completed its merger with CBS Corporation ("CBS") (the "Viacom/CBS Merger") for a purchase price of approximately \$39.8 billion.
- In the third quarter of 2000, Infinity completed the acquisition of 18 radio stations from Clear Channel Communications, Inc. ("Clear Channel") for approximately \$1.4 billion in an asset transaction.
- In the second quarter of 2000, Infinity completed the acquisition of Giraudy, one of France's largest outdoor advertising companies, for approximately \$400 million.

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Business Segment Information

The Company operates six reportable business segments:

Cable Networks—Basic cable and premium subscription television program services.

Television—Television networks and stations; and production and distribution of television programming.

Infinity—Radio stations and outdoor advertising properties.

Entertainment—Production and distribution of motion pictures; as well as the operation of movie theaters, theme parks and music publishing.

Video—Home videocassette, DVD and video game rental and retail operations.

Publishing—Consumer publishing.

Effective January 1, 2001, the Company operated its online businesses under the Cable Networks and Television segments and accordingly, the online businesses are presented as part of these respective segments. Prior period information has been reclassified to conform to the new presentation. Effective

January 1, 2002, the Company operates its publishing business under the Entertainment segment and will present its publishing business as part of that segment from that date forward.

The following tables set forth revenues and operating income (loss) by business segment, as reported for the years ended December 31, 2001, 2000 and 1999.

	Year ended December 31,					Percent Better/(Worse)	
	2001	2000	1999	2001 vs. 2000	2000 vs. 1999		
Revenues:							
Cable Networks	\$ 4,297.6	\$ 3,951.0	\$ 3,075.3	9%	28%		
Television	7,247.7	5,426.4	2,352.0	34	131		
Infinity	3,670.2	2,764.7	—	33	NM		
Entertainment	2,950.2	2,758.3	2,665.9	7	3		
Video	5,156.7	4,960.1	4,463.5	4	11		
Publishing	648.7	596.0	610.7	9	(2)		
Intercompany eliminations	(748.3)	(412.8)	(308.6)	(81)	(34)		
Total Revenues	\$ 23,222.8	\$ 20,043.7	\$ 12,858.8	16%	56%		
Operating Income (Loss):							
Cable Networks	\$ 1,234.9	\$ 1,073.5	\$ 867.9	15%	24%		
Television	402.1	351.0	143.4	15	145		
Infinity	291.8	589.4	—	(50)	NM		
Entertainment	158.2	209.7	231.1	(25)	(9)		
Video	(219.6)	75.7	127.9	N/M	(41)		
Publishing	40.8	49.6	54.3	(18)	(9)		
Segment Total	1,908.2	2,348.9	1,424.6	(19)	65		
Corporate expenses/eliminations	(360.8)	(950.5)	(177.3)	62	NM		
Residual costs of discontinued operations(a)	(87.2)	(77.5)	—	(13)	NM		
Total Operating Income	\$ 1,460.2	\$ 1,320.9	\$ 1,247.3	11%	6%		

NM—Not meaningful

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

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EBITDA

The following table sets forth EBITDA (defined as operating income (loss) before depreciation and amortization, principally of goodwill related to business combinations) for the years ended December 31, 2001, 2000 and 1999. The Company believes that EBITDA is an appropriate measure of evaluating the operating performance of its segments. However, EBITDA should be considered in addition to, not as a substitute for or superior to, operating income, net earnings, cash flows, and other measures of financial performance prepared in accordance with generally accepted accounting principles ("GAAP"). As EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similarly titled measures employed by other companies.

	Year ended December 31,					Percent Better/(Worse)	
	2001	2000	1999	2001 vs. 2000	2000 vs. 1999		
EBITDA:							
Cable Networks	\$ 1,682.0	\$ 1,373.3	\$ 1,004.7	22%	37%		
Television	1,188.5	919.1	271.5	29	239		
Infinity	1,517.7	1,282.6	—	18	NM		
Entertainment	316.7	368.8	378.3	(14)	(3)		
Video	204.1	534.8	520.3	(62)	3		
Publishing	65.1	71.3	74.0	(9)	(4)		
Segment Total	4,974.1	4,549.9	2,248.8	9	102		
Corporate expenses/eliminations	(339.7)	(928.0)	(156.8)	63	NM		

Residual costs of discontinued operations	(87.2)	(77.5)	—	(13)	NM
Total EBITDA	\$ 4,547.2	\$ 3,544.4	\$ 2,092.0	28%	69%

NM—Not meaningful

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Pro Forma Results

In order to enhance comparability, the following discussion of the Company's results of operations is supplemented by pro forma financial information that gives effect to the Viacom/CBS Merger, BET and Infinity minority interest acquisitions and other acquisitions and divestitures as if they had occurred January 1, 2000. Pro forma results are also adjusted to exclude special item charges, including the 2001 Blockbuster charges, MTVN and UPN restructuring charges, the second quarter 2000 merger-related charges as well as transactions with divested investments. The pro forma results are also adjusted to reflect the deconsolidation as of January 1, 2000, of iWon.com, which was previously a minority-owned consolidated subsidiary. The pro forma results are presented for informational purposes only and are not necessarily indicative of the operating results that would have occurred had the transactions actually occurred at the beginning of 2000, nor are they necessarily indicative of future operating results. The table below presents a reconciliation of the Company's reported revenues, operating income and EBITDA for the years ended December 31, 2001 and 2000, respectively, to the pro forma results presented for these respective periods.

Year Ended December 31, 2001	Revenue	Operating Income	EBITDA
As Reported	\$ 23,222.8	\$ 1,460.2	\$ 4,547.2
Acquisition of BET	16.5	2.3	6.6
Infinity minority interest acquisition	—	(27.3)	—
Other acquisitions (divestitures), net	(41.5)	16.3	5.6
Blockbuster special item charges	—	394.7	392.1
MTVN restructuring charge	—	75.4	66.6
UPN restructuring charge	—	53.4	52.8
Pro Forma	\$ 23,197.8	\$ 1,975.0	\$ 5,070.9

Year Ended December 31, 2000	Revenue	Operating Income	EBITDA
As Reported	\$ 20,043.7	\$ 1,320.9	\$ 3,544.4
Viacom/CBS Merger	3,056.7	172.0	768.0
Acquisition of BET	251.4	(17.2)	73.4
Infinity minority interest acquisition	—	(191.7)	—
Other acquisitions (divestitures), net	(259.5)	(54.4)	(89.0)
Viacom/CBS merger-related charges	—	698.5	698.5
Pro Forma	\$ 23,092.3	\$ 1,928.1	\$ 4,995.3

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The tables below present the Company's pro forma segment results for revenues, operating income and EBITDA for the years ended December 31, 2001 and 2000, respectively.

	Year Ended December 31,		Percent Better/(Worse)
	2001	2000	
Pro Forma Revenues:			
Cable Networks	\$ 4,282.4	\$ 4,111.3	4%
Television	7,239.9	7,093.7	2
Infinity	3,668.2	3,967.5	(8)
Entertainment	2,950.2	2,758.3	7
Video	5,156.7	4,960.1	4
Publishing	648.7	596.0	9
Intercompany eliminations	(748.3)	(394.6)	(90)
Total Pro Forma Revenues	\$ 23,197.8	\$ 23,092.3	—%

Pro Forma Operating Income:

Cable Networks	\$	1,325.3	\$	1,050.6	26%
Television		459.5		473.5	(3)
Infinity		264.1		479.2	(45)
Entertainment		158.2		209.7	(25)
Video		175.1		107.3	63
Publishing		40.8		49.6	(18)
<hr/>					
Segment Total		2,423.0		2,369.9	2
Corporate expenses/eliminations		(360.8)		(321.0)	(12)
Residual costs of discontinued operations		(87.2)		(120.8)	28
<hr/>					
Total Pro Forma Operating Income	\$	1,975.0	\$	1,928.1	2%

Pro Forma EBITDA:

Cable Networks	\$	1,759.6	\$	1,475.2	19%
Television		1,244.0		1,225.7	1
Infinity		1,516.2		1,737.2	(13)
Entertainment		316.7		368.8	(14)
Video		596.2		534.8	11
Publishing		65.1		71.3	(9)
<hr/>					
Segment Total		5,497.8		5,413.0	2
Corporate expenses/eliminations		(339.7)		(296.9)	(14)
Residual costs of discontinued operations		(87.2)		(120.8)	28
<hr/>					
Total Pro Forma EBITDA	\$	5,070.9	\$	4,995.3	2%

RESULTS OF OPERATIONS 2001 VERSUS 2000

On a reported basis, revenues increased 16% to \$23.2 billion for the year ended December 31, 2001 from \$20.0 billion for 2000. Reported results are not comparable as the 2000 results only reflect eight months of CBS operations effective from the date of the Viacom/CBS Merger, May 4, 2000.

On a pro forma basis, revenues were \$23.2 billion for 2001 versus revenues of \$23.1 billion for 2000, with growth in all of the Company's operating segments, with the exception of Infinity.

On a reported basis, total expenses increased 16% to \$21.8 billion for 2001 from \$18.7 billion for 2000 reflecting normal increases associated with revenue growth and twelve months of expenses for the combined companies including goodwill amortization expense associated with the Viacom/CBS Merger

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versus eight months of expenses, including amortization for the combined companies in 2000. On a pro forma basis, total expenses remained relatively constant at \$21.2 billion for both years.

On a reported basis, EBITDA and operating income increased 28% to \$4.5 billion and 11% to \$1.5 billion, respectively, for 2001 from \$3.5 billion and \$1.3 billion, respectively, for 2000. On a pro forma basis, both EBITDA and operating income increased 2% with growth in the Cable Networks and Video segments.

Segment Results of Operations 2001 versus 2000**Cable Networks (Basic Cable and Premium Subscription Television Program Services)**

	Year Ended December 31,		Percent Better/(Worse)
	2001	2000	
<hr/>			
As Reported:			
Revenues	\$ 4,297.6	\$ 3,951.0	9%
Operating income	\$ 1,234.9	\$ 1,073.5	15%
EBITDA	\$ 1,682.0	\$ 1,373.3	22%
<hr/>			
Pro Forma:			
Revenues	\$ 4,282.4	\$ 4,111.3	4%
Operating income	\$ 1,325.3	\$ 1,050.6	26%
EBITDA	\$ 1,759.6	\$ 1,475.2	19%

The Cable Networks segment is comprised of MTV Networks ("MTVN"), including MTV, VH1, Nickelodeon/Nick at Nite, TV Land, TNN: The National Network and CMT; and BET: Black Entertainment Television, both are basic cable television program services; and Showtime Networks Inc. ("SNI"), owner of several premium subscription television program services.

For the year, Cable Networks revenue, operating income and EBITDA growth as reported and on a pro forma basis was principally driven by revenue growth in cable and direct broadcast satellite ("DBS") affiliate fees and increased efficiencies. MTVN experienced a decrease in advertising revenues for the year due to continued softness in the advertising market which contributed to a decline in the number of advertising spots sold at MTV, VH1 and TV Land. Effective cost containment measures at the channels, as well as a reduction of investment in online services during 2001 contributed to the operating income and EBITDA growth. Despite the challenging economic environment, BET delivered higher advertising sales due to increased pricing, and higher affiliate fee revenue. Showtime subscriptions increased 10% over the prior year by approximately 2.9 million to 31.3 million subscriptions at December 31, 2001. Capital expenditures for Cable Networks were \$139.9 million for the year ended December 31, 2001 as compared to \$158.1 million for the year ended December 31, 2000.

During the fourth quarter of 2001, MTVN recorded a restructuring charge of approximately \$66.6 million principally reflecting severance from a reduction of workforce and lease termination costs. In conjunction with the restructuring, \$8.8 million was recorded as depreciation expense for the write-off of leasehold improvements. The Company completed its acquisition of BET on January 23, 2001 for approximately \$3 billion consisting principally of Viacom Class B Common Stock and the assumption of debt. Pro forma results for all periods presented assume the acquisitions of TNN, CMT and BET had occurred on January 1, 2000 and are also adjusted to exclude the impact of the charge and transactions with divested investments.

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

	Year Ended December 31,		Percent Better/(Worse)
	2001	2000	
As Reported:			
Revenues	\$ 7,247.7	\$ 5,426.4	34%
Operating income	\$ 402.1	\$ 351.0	15%
EBITDA	\$ 1,188.5	\$ 919.1	29%
Pro Forma:			
Revenues	\$ 7,239.9	\$ 7,093.7	2%
Operating income	\$ 459.5	\$ 473.5	(3)%
EBITDA	\$ 1,244.0	\$ 1,225.7	1%

The Television segment is comprised of the CBS and UPN Television Networks and stations, television production and syndication.

For the year, Television's results were led by the CBS Network and Paramount Television. CBS Network's pro forma revenue and EBITDA growth was principally driven by double-digit advertising revenue growth in primetime due to increased pricing. During the 2000/2001 season, SUPER BOWL XXXV on the CBS Network was the top-rated broadcast among households and viewers. SURVIVOR: THE AUSTRALIAN OUTBACK was the number one ranked series of the season and CSI: CRIME SCENE INVESTIGATION was the No.1 new series of the season, also among households and viewers. With the success of these, and other highly-rated programs, including EVERYBODY LOVES RAYMOND and THE DISTRICT, the CBS Network was the most-watched and highest-rated network among viewers and households. CBS Enterprises pro forma revenue decreased for the year principally due to lower participation fees received from THE OPRAH WINFREY SHOW and absence of revenues from cancelled shows, including THE ROSEANNE SHOW and MARTIN SHORT, partially offset by the domestic syndication of EVERYBODY LOVES RAYMOND.

Paramount Television benefited from network revenues for the new series ENTERPRISE, higher revenues from continuing network and first run syndication shows including FRASIER, JAG, JUDGE JUDY, JUDGE JOE BROWN and ENTERTAINMENT TONIGHT and the licensing to basic cable of STAR TREK: THE NEXT GENERATION and CHEERS. These higher revenues were partially offset by the absence of revenues from the cancelled series BEVERLY HILLS 90210 and SUNSET BEACH, and lower revenues from SABRINA, THE TEENAGE WITCH and MOESHA whose prior year revenues included first time syndication availabilities. UPN benefited from ratings improvements and higher advertising revenues in 2001.

The pro forma revenue and EBITDA growth at the CBS Network and in syndication was partially offset by lower advertising sales for television stations due to continuing weakness in the advertising market and the impact of the events of September 11. CBS Network also recorded higher news production costs to cover the war in Afghanistan and contractual rights fee increases for sports properties. Capital expenditures for Television were \$120.2 million for the year ended December 31, 2001 as compared to \$116.1 million for the year ended December 31, 2000.

Pro forma results assume that the Viacom/CBS Merger and the acquisition of the remaining 50% interest of UPN had occurred January 1, 2000. 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 and pro forma results reflect the impact of the swaps as if they had occurred on January 1, 2000. Pro forma results are adjusted to exclude approximately \$48 million of Viacom/CBS merger-related charges. Additionally, they exclude a charge associated with the integration of UPN with CBS operations

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of \$53.4 million of which \$52.8 million was restructuring and \$.6 million was depreciation expense for the write-off of leasehold improvements. Pro forma results are also adjusted to exclude transactions with divested investments and operating losses before depreciation for iWon.com of approximately \$98 million for the

year ended December 31, 2000. In 2001, iWon.com is accounted for as a deconsolidated investment, whereas in 2000, iWon.com was a minority-owned, consolidated subsidiary.

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. As of December 31, 2001, the unrecognized revenues attributable to such licensing agreements were approximately \$460.1 million.

Infinity (*Radio Stations and Outdoor Advertising Properties*)

	Year Ended December 31,		Percent Better/(Worse)
	2001	2000	
As Reported:			
Revenues	\$ 3,670.2	\$ 2,764.7	33 %
Operating income	\$ 291.8	\$ 589.4	(50)%
EBITDA	\$ 1,517.7	\$ 1,282.6	18 %
Pro Forma:			
Revenues	\$ 3,668.2	\$ 3,967.5	(8)%
Operating income	\$ 264.1	\$ 479.2	(45)%
EBITDA	\$ 1,516.2	\$ 1,737.2	(13)%

The Infinity segment is comprised of owned and operated radio stations and outdoor advertising properties.

For the year, Infinity's pro forma revenues, operating income and EBITDA decreases are the result of lower revenues in both the radio and outdoor advertising businesses due to the continuing softness in the advertising market including lower demand from the technology sector. Infinity Radio's decrease in pro forma revenues was primarily driven by lower advertising rates, given the difficult advertising market. Infinity's outdoor transit business was affected by lower pricing, particularly in the New York market, which suffered more than other markets after the events of September 11. Capital expenditures for the Infinity segment were \$99.3 million for the year ended December 31, 2001 as compared to \$72.0 million for the period ended December 31, 2000, reflecting expenditures from the date of the Viacom/CBS Merger.

On February 21, 2001, the Company completed its merger with Infinity acquiring all of the issued and outstanding shares of Infinity common stock that it did not already own, or approximately 36%, for a total purchase price of approximately \$13.4 billion. Reported operating income for 2001 reflects incremental amortization expense resulting from the acquisition of this minority interest. Pro forma results assume the acquisition of a majority interest in Infinity as part of the Viacom/CBS Merger and the subsequent acquisition of the minority interest of Infinity had occurred on January 1, 2000 and also assume the completion of acquisitions and divestitures of radio and outdoor properties by Infinity had occurred at the beginning of each period presented. Pro forma results are also adjusted to exclude transactions with divested investments.

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Entertainment (*Production and distribution of Motion Pictures; as well as the operation of Movie Theaters, Theme Parks and Music Publishing*)

	Year Ended December 31,		Percent Better/(Worse)
	2001	2000	
As Reported and Pro Forma:			
Revenues	\$ 2,950.2	\$ 2,758.3	7%
Operating income	\$ 158.2	\$ 209.7	(25)%
EBITDA	\$ 316.7	\$ 368.8	(14)%

The Entertainment segment is comprised of Paramount Features, movie theaters, music publishing, and Paramount Parks.

For the year, Entertainment's revenues increased principally due to higher Features and theaters' revenues. Features revenue increases were led by higher home video revenues partially offset by lower foreign theatrical film revenues. Home video revenues included domestic contributions from the release of THE GODFATHER DVD COLLECTION, LARA CROFT: TOMB RAIDER, WHAT WOMEN WANT and RUGRATS IN PARIS: THE MOVIE, along with contributions from the foreign video release of MISSION: IMPOSSIBLE 2. Paramount's domestic theatrical revenues included contributions from VANILLA SKY, JIMMY NEUTRON: BOY GENIUS, LARA CROFT: TOMB RAIDER, SAVE THE LAST DANCE, THE SCORE and ALONG CAME A SPIDER. Theater revenues were higher primarily as a result of higher attendance and increased admission prices and per capita concession spending. Parks' revenues were higher than the prior year principally due to increased admission prices and per capita concession spending.

For the year, Entertainment's EBITDA and operating income decreased 14% and 25%, respectively, principally reflecting the revenue items noted above, which were more than offset by increased print and advertising costs associated with a higher number of pictures in theatrical release during 2001. Capital expenditures for Entertainment were \$48.5 million for the year ended December 31, 2001 as compared to \$87.9 million for the year ended December 31, 2000.

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. As of December 31, 2001, the unrecognized revenues attributable to such licensing agreements were approximately \$1.0 billion.

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

	Year Ended December 31,		Percent Better/(Worse)
	2001	2000	
As Reported:			
Revenues	\$ 5,156.7	\$ 4,960.1	4%
Operating income	\$ (219.6)	\$ 75.7	NM
EBITDA	\$ 204.1	\$ 534.8	(62)%
Pro Forma:			
Revenues	\$ 5,156.7	\$ 4,960.1	4%
Operating income	\$ 175.1	\$ 107.3	63%
EBITDA	\$ 596.2	\$ 534.8	11%

NM—not meaningful

The Video segment is comprised of Blockbuster's operations, primarily in the rental of home videocassettes, DVDs and video games.

For the year, Video revenues increased 4% driven by higher worldwide same store sales and an increase in the number of company-operated stores of 158. Worldwide same store sales, including rental and retail product, increased 2.5% driven by strong international growth and continued growth in DVDs. On a pro forma basis, Blockbuster's gross profit margins were 59.6% in 2001 versus 59.0% in 2000. The improvement in profit margins was primarily due to an increase in the percentage of rental revenues and previously viewed product sales from DVDs which on average have a lower cost than VHS rental product and a higher average unit selling price for previously viewed product sales. If Blockbuster increases its purchases of DVDs under revenue-sharing arrangements, Blockbuster's DVD rental revenues and gross profit should increase, while rental gross margins as a percentage of revenue could decline. Pro forma operating income and EBITDA increases were primarily driven by increased gross profit. This growth was partially offset by increases in compensation and occupancy costs principally driven by store growth and increased customer service initiatives. Capital expenditures for Blockbuster were \$93.1 million for the year ended December 31, 2001 as compared to \$212.1 million for the year ended December 31, 2000. Blockbuster ended the year with 7,981 company-owned and franchise stores, a net increase of 304 stores over the prior year. Viacom currently owns approximately 81% of Blockbuster (NYSE: BBI).

Pro forma results for 2001 are adjusted to exclude the previously reported Blockbuster charges of \$395 million, principally related to the elimination of less-productive VHS tapes as part of the transition from VHS to the higher margin DVD rental market and a change in amortization.

Publishing (*Consumer Publishing*)

	Year Ended December 31,		Percent Better/(Worse)
	2001	2000	
As Reported and Pro Forma:			
Revenues	\$ 648.7	\$ 596.0	9%
Operating income	\$ 40.8	\$ 49.6	(18)%
EBITDA	\$ 65.1	\$ 71.3	(9)%

The Publishing segment is comprised of the Simon & Schuster operating unit, which publishes and distributes a wide range of hardcover, trade paper, paperback, audio and children's novelty titles under various imprints including Simon & Schuster, Pocket Books, Scribner, Pimsleur, MTV Books, Star Trek Books, Aladdin and The Free Press.

For the year, Publishing's revenue increases were driven by each of its major operating units; Adult, Children's and New Media. The business finished the year with one of its strongest-ever publishing and sales performances. During the year, Simon & Schuster had a record 98 New York Times best sellers, published 2 National Book Award winners: "THE NOONDAY DEMON" by Andrew Solomon, and "TRUE BELIEVER" by Virginia Euwer Wolff, and won Caldecott Honors for 2 major children's titles. Publishing's best-selling titles included "SELF MATTERS" by Phillip C. McGraw, "ON THE STREET WHERE YOU LIVE" by Mary Higgins Clark, "DREAMCATCHER" by Stephen King and "JOHN ADAMS" by David McCullough. Revenue increases in 2001 were more than offset by start-up investment costs associated with transitioning information and technology support to a new third party provider and higher operating expenses. Capital expenditures for Publishing were \$6.4 million for the year ended December 31, 2001 as compared to \$6.0 million for the year ended December 31, 2000.

Effective January 1, 2002, the Company operates its publishing business under the Entertainment segment and will present its publishing business as part of such segment.

Other Income and Expense Information 2001 versus 2000

Corporate Expenses/Eliminations

Corporate expenses/eliminations, excluding depreciation expense, for 2001 reflect corporate expenses of approximately \$148.0 million and intersegment profit eliminations of \$191.7 million. Corporate expenses of \$148.0 million decreased 82% from \$824.9 million in 2000 primarily due to the \$650 million of Viacom/CBS merger-related charges being recorded in 2000 and effective cost containment measures achieved in 2001. Intersegment profit eliminations are principally comprised of television programming sales to cable networks and the sale of feature films to cable and broadcast networks and the Video segment.

Depreciation and Amortization

For the year ended December 31, 2001, depreciation and amortization expense increased to \$3.1 billion as compared with \$2.2 billion for 2000. This increase is primarily due to the full year of amortization of goodwill associated with the Viacom/CBS Merger as well as, the amortization of goodwill associated with the acquisition of Infinity's minority interest and the acquisition of BET. The aggregate goodwill of approximately \$60.6 billion associated with these transactions is being amortized on a straight-line basis over its useful life which does not exceed 40 years. Accounting for intangible assets and the recognition of amortization expense will change upon the Company's adoption of the new standard for goodwill and other intangible assets in 2002 (see *Recent Pronouncements*).

Interest Expense

Interest expense increased to \$962.7 million for 2001 from \$822.3 million for 2000. The increase principally reflects the full year impact of \$3.7 billion of CBS debt assumed as of the Viacom/CBS Merger as well as the Company's fixed rate debt issuances of \$1.65 billion in January 2001, \$1.4 billion in May 2001 and \$335 million in June 2001. This was offset by lower interest rates on the Company's variable rate debt, debt maturities, redemptions and tenders and the termination of a credit facility that occurred during 2001. The Company had approximately \$11.1 billion and \$12.7 billion principal amount of debt outstanding (including current maturities) at December 31, 2001 and 2000, respectively, at weighted average interest rates of 6.8% and 7.6%, respectively.

Interest Income

Interest income decreased 42% to \$30.6 million for 2001 from \$53.2 million for 2000 due to lower cash balances and the general decrease in interest rates.

Other Items, Net

In 2001, "Other Items, net" of \$254.7 million principally reflects 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 related to the Company's investments of approximately \$125.0 million. These one-time pre-tax gains were partially offset by foreign exchange losses of \$8.2 million and loss from the sale of assets of \$22.8 million. Additionally, 2001 reflects an impairment loss of \$46.6 million related to the purchase of two television stations. In 2000, "Other items, net" of \$8.8 million principally reflected foreign exchange gains of \$31.7 million and net gains of approximately \$44.3 million on the sale of assets which were mostly offset by the write-down of approximately \$66.9 million of several internet cost investments to their market value.

Provision for Income Taxes

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The annual effective tax rates of 107.5% for 2001, excluding one time gains of \$288.4 million and one time pre-tax charges of \$525.4 million, and 73.4% for 2000 excluding the 2000 merger-related charges of \$698 million, were adversely affected by amortization of intangibles in excess of the amounts deductible for tax purposes. Excluding the non-deductible amortization of intangibles, the annual effective tax rates would have been 39.3% for 2001 and 38.8% for 2000.

Equity in Loss of Affiliated Companies, Net of Tax

"Equity in loss of affiliated companies, net of tax" was \$127.0 million for 2001 as compared to \$124.2 million for 2000. The 2001 equity loss principally reflects operating losses from international ventures and internet investments partially offset by positive results from Comedy Central. The prior year includes losses from CBS online equity ventures that were subsequently written down as well as equity losses of UPN, partially offset by results from Comedy Central. The remaining 50% interest of UPN was acquired by the Company in March 2000 and its results have been consolidated with the Company since the date of acquisition.

Minority Interest, net of tax

Minority interest for 2001 primarily represents the minority ownership of Infinity, prior to its merger with the Company on February 21, 2001, and the minority ownership of Blockbuster common stock. Minority interest for 2000 principally reflects the minority ownership of Infinity, from the date of the Viacom/CBS Merger, and the minority ownership of Blockbuster common stock.

Extraordinary Loss, Net of Tax

In 2001, the Company recognized an extraordinary loss on the early extinguishment of debt of \$3.9 million, net of tax benefits of \$2.6 million. The extraordinary loss is not significant and therefore did not impact basic and diluted earnings per share.

Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2000, the Company recorded an after-tax non-cash charge of \$452.3 million, or \$.37 per basic and diluted share, which resulted from the early adoption of the new accounting standard for motion pictures.

Net Earnings (Loss)

For the reasons described above, the Company reported a net loss of \$223.5 million for 2001 as compared with net loss of \$816.1 million for 2000.

RESULTS OF OPERATIONS 2000 VERSUS 1999

On a reported basis, revenues increased 56% to \$20.0 billion for the year ended December 31, 2000 from \$12.9 billion for 1999. Total expenses increased 61% to \$18.7 billion for 2000 from \$11.6 billion for 1999. Operating income and EBITDA increased 6% to \$1.3 billion and 69% to \$3.5 billion for 2000, respectively, from \$1.2 billion and \$2.1 billion for 1999, respectively. The increases in results of operations are principally attributable to the Viacom/CBS Merger, partially offset by merger-related charges. Cable Networks segment revenue increases were driven by advertising sales growth. Increased same store revenues and the increase in the number of Company-operated stores drove Video segment revenue growth.

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Segment Results of Operations 2000 versus 1999

The Company's segment results have been reclassified to conform to the 2001 segment presentation. No pro forma discussion is presented for the 2000 versus 1999 yearly results.

Cable Networks (Basic Cable and Premium Subscription Television Program Services)

	Year Ended December 31,		Percent Better/(Worse)
	2000	1999	
As Reported:			
Revenues	\$ 3,951.0	\$ 3,075.3	28%
Operating income	\$ 1,073.5	\$ 867.9	24%
EBITDA	\$ 1,373.3	\$ 1,004.7	37%

For the year, MTVN revenues of \$2.9 billion, operating income of \$1.1 billion and EBITDA of \$1.3 billion increased 29%, 33% and 42%, respectively. The increase in MTVN's revenues reflects 28% higher worldwide advertising revenues principally driven by rate increases at MTV, VH1 and TV Land and higher affiliate fees. MTVN's operating income and EBITDA gains were driven by the increased revenues partially offset by increased programming and production expenses, principally at MTV and VH1.

For the year, SNI's revenues, operating income and EBITDA increased 10%, 24% and 21%, respectively, as compared with the prior year. The revenue increases were principally due to an increase of approximately 5.2 million subscriptions, up 22% over the prior year to 28.4 million subscriptions at December 31, 2000. Operating results reflect revenue increases attributable to the continued growth of direct broadcast satellite subscriptions partially offset by higher programming expenses and increased marketing for the promotion of original series.

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

	Year Ended December 31,		Percent Better/(Worse)
	2000	1999	
As Reported:			
Revenues	\$ 5,426.4	\$ 2,352.0	131%
Operating income	\$ 351.0	\$ 143.4	145%
EBITDA	\$ 919.1	\$ 271.5	239%

For the year, Television segment revenues, operating income and EBITDA growth were principally due to the Viacom/CBS Merger, reflecting results of operations of the CBS Network, CBS Television Stations and CBS Enterprises beginning May 2000. Strong performances were delivered at the CBS Network, television stations and at UPN. CBS Network's revenues and EBITDA growth during 2000 were primarily due to increases in both upfront and scatter advertising pricing. Television stations results benefited from strong advertising pricing in local owned and operated television markets. Approximately 80% of CBS Network's inventory for the 2000-2001 television season was sold in the upfront market and all day-parts achieved double-digit price increases. The success of the CBS Network was led by its new reality-based television shows, including SURVIVOR, the finale of which was second only to the SUPER BOWL as the most watched television event in 2000. SURVIVOR also favorably impacted the ratings and revenue generated by other day parts, including News and Late Night. CBS Network's Monday night comedies, led by EVERYBODY LOVES RAYMOND, also posted significant growth. CBS Network's strong revenue growth was partially offset by higher programming costs and election year coverage expenses. CBS Network had the top two new dramas in the 1999/2000 season with CSI: CRIME SCENE INVESTIGATION and THE DISTRICT. CBS Enterprises, which includes King World Productions, reported higher revenues and EBITDA primarily due to increased domestic license fees from THE OPRAH WINFREY SHOW and HOLLYWOOD SQUARES, partially offset by lower revenues from THE ROSEANNE SHOW.

Paramount Television revenues for the full year 2000 were higher for continuing network and first run syndication shows including ENTERTAINMENT TONIGHT, JUDGE JUDY, CHARMED, 7TH HEAVEN and JUDGE JOE BROWN. Syndication revenues included the first time syndication availability of SABRINA, THE TEENAGE WITCH and MOESHA, and distribution fees from the initial syndication of SPIN CITY; however, these contributions did not compare favorably with the prior year which included the last seasons of BEVERLY HILLS 90210, MELROSE PLACE, SUNSET BEACH, STAR TREK: DEEP SPACE NINE, and SISTER, SISTER and the first time syndication availability of JAG, STAR TREK: VOYAGER, VIPER and THE SENTINEL and higher library syndication revenues. Paramount Television's EBITDA also improved led by FRASIER and JUDGE JUDY combined with significant overhead savings resulting from the integration of Spelling Entertainment into Paramount Television. Revenues for the year ended December 31, 1999 also benefited from the recognition of a cable retransmission royalty settlement.

In the second quarter of 2000, the Company elected early adoption of the AICPA's Statement of Position "Accounting by Producers or Distributors of Films" ("SOP 00-2") which is effective for financial statements for fiscal years beginning after December 15, 2000. SOP 00-2 established new film accounting standards, including changes in revenue recognition and accounting for advertising, development and overhead costs. As a result of the early adoption, Television recorded a pre-tax charge of approximately \$330 million, primarily related to Spelling Entertainment. This charge was recorded as a cumulative effect of a change in accounting and is not included in operating income and EBITDA above. The Television segment's operating results for 2000 were reduced by approximately \$9 million due to this accounting change.

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 such exhibition, which, among other reasons, may cause substantial fluctuation in operating results. As of December 31, 2000, the unrecognized revenues attributable to such licensing agreements were approximately \$622 million.

Infinity (Radio Stations and Outdoor Advertising Properties)

	Year Ended December 31,		Percent Better/(Worse)
	2000	1999	
As Reported:			
Revenues	\$ 2,764.7	—	NM
Operating income	\$ 589.4	—	NM
EBITDA	\$ 1,282.6	—	NM

NM—not meaningful

The 2000 revenues, operating income and EBITDA for the Infinity segment, reflect the acquisition of a majority interest in Infinity, as part of the Viacom/CBS Merger, effective May 4, 2000. Infinity's results benefited from strong advertising revenues at both Infinity's radio stations and outdoor advertising businesses. Advertising revenue during 2000 was primarily driven by higher advertising rates, reflecting increased demand for advertising at the majority of the radio stations and in the outdoor advertising business.

Entertainment (Production and distribution of Motion Pictures; as well as the operation of Movie Theaters, Theme Parks and Music Publishing)

	Year Ended December 31,		Percent Better/(Worse)
	2000	1999	
As Reported:			
Revenues	\$ 2,758.3	\$ 2,665.9	3%
Operating income	\$ 209.7	\$ 231.1	(9)%
EBITDA	\$ 368.8	\$ 378.3	(3)%

For the year, Entertainment revenues increased 3% to \$2.8 billion compared with the prior year, principally reflecting higher Features and theaters' revenues. Higher Features revenues were driven by increased worldwide theatrical and home video revenues as compared with 1999. Domestic theatrical revenues for 2000 included the strong performance of MISSION: IMPOSSIBLE 2, WHAT WOMEN WANT, SHAFT, RUGRATS IN PARIS: THE MOVIE, RULES OF ENGAGEMENT, SNOW DAY and THE ORIGINAL KINGS OF COMEDY. Foreign theatrical revenues for 2000 were higher primarily due to the success of MISSION: IMPOSSIBLE 2, SHAFT, DOUBLE JEOPARDY and SLEEPY HOLLOW. Home video revenues were higher and included contributions from MISSION: IMPOSSIBLE 2, DOUBLE JEOPARDY, RUNAWAY BRIDE, SLEEPY HOLLOW and RULES OF ENGAGEMENT. Theater revenues were higher primarily as a result of additional new multiplex theaters opened since the end of 1999 and increased per capita spending. Parks' revenues were comparable with the prior year. Entertainment revenues for the prior year also included the recognition of a pay television license for library products and the renewal of a film processing agreement.

For the year, Entertainment's operating income and EBITDA decreased 9% and 3%, respectively, primarily due to lower Theater profits as a result of higher operating costs and costs associated with opening additional multiplexes in 2000. Parks' operating income and EBITDA for 2000 were higher than the prior year due to lower operating costs.

As a result of the Company's adoption of SOP 00-2 in the second quarter of 2000, Paramount Pictures recorded a pre-tax charge of approximately \$423 million as a cumulative effect of a change in accounting which was not included in operating income and EBITDA above. For 2000, Entertainment's operating results were reduced by approximately \$20 million due to this accounting change.

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. As of December 31, 2000, the unrecognized revenues attributable to such licensing agreements were approximately \$1.0 billion.

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

	Year Ended December 31,		Percent Better/(Worse)
	2000	1999	
As Reported:			
Revenues	\$ 4,960.1	\$ 4,463.5	11%
Operating income	\$ 75.7	\$ 127.9	(41)%
EBITDA	\$ 534.8	\$ 520.3	3%

For the year, Video revenues increased 11% driven by an increase in same store revenues and the increase in the number of company-operated stores. Worldwide same store revenues increased 5.6% for the year ended December 31, 2000 and worldwide rental revenues increased 5.9%. For the year, international same store revenues increased 11.6% and domestic same store revenues increased 4.3% over 1999. Blockbuster ended the year with 7,677 company-owned and franchise stores, a net increase of 524 stores over the prior year.

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Operating results for 2000 were impacted by Blockbuster's investment in its online operations, which began operations in the fourth quarter of 1999 and resulted in reductions to operating income and EBITDA of \$96.8 million and \$53.4 million, respectively. Excluding the amounts attributable to its online operations, Video's operating income and EBITDA increased 28% and 12%, respectively, as compared with the prior year. Additionally, during the fourth quarter of 2000, Blockbuster determined that the carrying value of certain hardware and capitalized software components primarily related to the e-commerce portion of its Internet site were impaired, and as a result, recorded a charge of approximately \$31.6 million as part of depreciation expense.

For the year, Video's gross margin decreased to 59.0% from 60.5% principally due to an increase in the percentage of total revenues generated through revenue-sharing arrangements, as revenue-sharing arrangements on average have lower gross margins than traditional buying arrangements.

Publishing (*Consumer Publishing*)

	Year Ended December 31,		Percent Better/(Worse)
	2000	1999	
As Reported:			
Revenues	\$ 596.0	\$ 610.7	(2)%
Operating income	\$ 49.6	\$ 54.3	(9)%
EBITDA	\$ 71.3	\$ 74.0	(4)%

For the year, Publishing experienced lower net sales at the Pocket Books and Trade divisions primarily due to lower frontlist sales which drove operating income and EBITDA declines partially offset by increased license fees and lower product costs. In 2000, Trade division's best-selling titles included "BEFORE I SAY GOOD-BYE" by Mary Higgins Clark, "ON WRITING" by Stephen King and "SEAT OF THE SOUL" by Gary Zukav and the Children's division best selling titles included "OLIVIA" by Ian Falconer.

Other Income and Expense Information 2000 versus 1999

Corporate Expenses/Eliminations

Corporate expenses/eliminations, excluding depreciation, for 2000 reflect corporate expenses of approximately \$824.8 million and intersegment profit eliminations of \$103.2 million. Corporate expenses of \$824.8 million increased from \$174.1 million in 1999 primarily due to the \$650 million of merger related charges being recorded in 2000. Intersegment profit eliminations principally reflect the profit eliminations of the sale of feature films to Cable Networks and Video Segment, and television programming sales to Cable Networks.

Depreciation and Amortization

For the year ended December 31, 2000, depreciation and amortization increased to \$2.2 billion as compared with \$844.7 million for 1999. This increase was primarily due to the Viacom/CBS Merger, which resulted in additional expense of approximately \$1.0 billion.

Interest Expense

Interest expense increased to \$822.3 million for 2000 from \$448.9 million for 1999. This increase is primarily due to the assumption of \$3.7 billion of debt resulting from the Viacom/CBS Merger. The Company had approximately \$12.7 billion and \$6.0 billion principal amount of debt outstanding (including current maturities) at December 31, 2000 and December 31, 1999, respectively, at weighted average interest rates of 7.6% and 7.5%, respectively.

Interest Income

Interest income increased 92% to \$53.2 million for 2000 from \$27.7 million for 1999 due to higher amounts of marketable securities and slightly higher rates of return from investments.

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Other Items, Net

In 2000, "Other items, net" of \$8.8 million principally reflects foreign exchange gains of \$31.7 million and net gains on the sale of assets of approximately \$44.3 million which were mostly offset by the write-down of several internet cost investments to their current market value resulting in a loss of approximately \$66.9 million. In 1999, "Other items, net" of \$17.8 million reflects a \$25.2 million foreign exchange gain partially offset by a net loss of approximately \$7.4 million from the sale of assets.

Provision for Income Taxes

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The annual effective tax rates of 73.4% for 2000, excluding the 2000 Viacom/CBS merger-related charges of \$698 million, and 48.8% for 1999 were adversely affected by amortization of intangibles in excess of the amounts deductible for tax purposes. Excluding the non-deductible amortization of intangibles, the annual effective tax rates would have been 38.8% for 2000 and 35.4% for 1999.

Equity in Loss of Affiliated Companies, Net of Tax

"Equity in loss of affiliated companies, net of tax" was \$124.2 million for 2000 as compared to \$60.7 million for 1999, principally reflecting increased losses of internet equity ventures and losses in equity theater ventures partially offset by the improved results from Comedy Central.

Minority Interest, net of tax

Minority interest in 2000 primarily represented the minority ownership of Infinity and Blockbuster common stock. In February 2001, the Company acquired the remaining minority interest of Infinity that it did not own.

Extraordinary Loss, Net of Tax

In 1999, the Company recognized after-tax extraordinary losses on the early extinguishment of debt of \$37.7 million, or a loss of \$.06 per basic and diluted share.

Net Earnings (Loss)

For the reasons described above, the Company reported a net loss of \$816.1 million for 2000 as compared with net earnings of \$334.0 million for 1999.

Acquisitions, Merger-Related and Other Charges

The Viacom/CBS Merger was effective May 4, 2000. The total purchase price of approximately \$39.8 billion included approximately \$37.7 billion for the issuance of 825.5 million shares of Viacom Class B Common Stock and 11,004 shares of Viacom Series C convertible preferred stock, which were subsequently converted into 11.0 million shares of Viacom Class B Common Stock, and approximately \$1.9 billion for the fair value of CBS stock options assumed by the Company and transaction costs. In addition, Viacom assumed approximately \$3.7 billion of CBS' debt.

After divestitures and television station swaps following the Viacom/CBS Merger, the television stations currently held by the Company have an aggregate national audience reach for purposes of the national ownership cap of approximately 39%. In connection with the Viacom/CBS Merger, the FCC ordered the Company to come into compliance with the national television ownership cap by May 4, 2001. However, the Company challenged the national ownership limit in federal court and the FCC-mandated divestiture was stayed pending an order of the court. On February 19, 2002, the court found the FCC's 1998 decision not to repeal or modify the national ownership cap to be arbitrary and capricious and remanded the rule to the FCC for further consideration whether to repeal or modify the rule. On March 28, 2002, the FCC ordered that the Company has until 12 months after the issuance of a final FCC

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decision on the remand to file any application that may be necessary to come into compliance with any limits that may exist at that time.

In the second quarter of 2000, the Company recorded non-recurring merger-related charges of \$698 million (\$505 million after-tax or \$.41 per share), associated with the integration of Viacom and CBS and the acquisition of UPN (see Note 3). These amounts included non-cash charges of \$415 million principally attributable to compensation for stock options and \$283 million of cash payments and accrued liabilities for severance, transaction fees and integration costs. As of December 31, 2001, the Company had paid and charged approximately \$109 million for severance liabilities, \$27 million for transaction fees and \$69 million related to integration costs.

Other Acquisitions

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.

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 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.

On January 23, 2001, the Company completed its acquisition of BET for approximately \$3 billion, which principally represents 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.

On September 15, 2000, Infinity completed the acquisition of Memphis radio stations WMC-AM and WMC-FM for approximately \$76 million.

On August 24, 2000, Infinity completed the acquisition of 18 radio stations from Clear Channel for approximately \$1.4 billion in an asset transaction. These stations are located in San Diego, Phoenix, Denver, Cleveland, Cincinnati, Orlando and Greensboro—Winston-Salem.

On July 1, 2000, Infinity completed the acquisition of Waterman Broadcasting Corporation of Texas in exchange for approximately 2.7 million shares of Infinity Class A common stock valued at approximately \$88 million. Waterman Broadcasting owns radio stations KTSA-AM and KTFM-FM in San Antonio, Texas.

During the second quarter of 2000, Infinity completed the acquisition of Giraudy, one of France's largest outdoor advertising companies, for approximately \$400 million. Infinity also acquired Societa Manifesti & Affisioni S.p.A., one of the leading Italian outdoor media sales companies, for approximately \$90 million.

On March 31, 2000, the Company acquired the remaining 50% interest in UPN that it did not already own. In the second quarter of 2000, the Company consolidated UPN's results of operations. Prior to this acquisition, the Company reported its proportionate share of net losses of UPN in "Equity in loss of affiliated companies, net of tax" in the Consolidated Statements of Operations.

Blockbuster Special Item Charges

During the third quarter of 2001, Blockbuster executed a strategic re-merchandising plan to allow for an expansion of store space for DVD and other strategic product offerings. Blockbuster initiated this plan with the goal of optimizing its stores' revenues and gross profit based on an evaluation of its product mix and product offerings. This evaluation also included analyses of industry trends and projections, such as the accelerated consumer acceptance of the DVD format, as evidenced by Blockbuster's increase in DVD

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rental revenues as a percentage of total rental revenues from approximately 7.3% for the three months ended September 30, 2000 to approximately 19.8% for the three months ended September 30, 2001 and the continued increase to 23.4% for the three months ended December 31, 2001. In connection with its plan, Blockbuster eliminated 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, and reorganized several of its corporate departments. The cost of the eliminated inventory, net of any estimated proceeds, resulted in primarily non-cash charges of approximately \$195.9 million to operating expenses in the Company's consolidated statement 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 and \$1.9 million was charged below operating income to equity in loss of affiliated companies. This strategic re-merchandising plan was completed by the end of 2001 through the destruction or sale of the identified items.

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

The amounts described above, along with the \$141.7 million recorded as a change in accounting estimates for rental inventory, comprise the Blockbuster charges of \$394.7 million to operating income for the year ended December 31, 2001.

Change in Accounting Estimates For Rental Inventory

Effective July 1, 2001, Blockbuster changed its accounting estimates related to rental inventory, including residual values and useful lives, in connection with its strategic re-merchandising plan discussed above. The residual value of VHS rental inventories was reduced from \$4 per unit to \$2 per unit, and the residual value of game rental inventories was reduced from \$10 per unit to \$5 per unit. In addition, Blockbuster reduced its estimate of the useful life of its base stock VHS rental inventories from 36 months to 9 months. These changes in estimate reflect the impact of changes in the rental business, such as an increase in DVD rental revenues, a decrease in VHS rental revenues and trends affecting games, which have led to a reduction in the average selling value of Blockbuster's previously rented VHS and game products and a reduction in the average life of VHS rental products. As a result of these changes in estimate, the Company's operating expenses were \$141.7 million higher and net loss was higher by \$73.9 million, or an increase in loss per share of \$.04, than it would have been under the previous method for the year ended December 31, 2001.

Restructuring Charges

In the fourth quarter of 2001, MTVN announced a restructuring plan to reduce headcount in its domestic offices and close certain offices in Latin America, Europe and Asia. In connection with this plan, the Company recorded a restructuring charge of approximately \$66.6 million. Included in the restructuring charge was severance of \$58.3 million for the termination of approximately 450 employees worldwide and lease termination and other occupancy costs of \$8.3 million for vacated office space in New York. As of December 31, 2001, the Company had paid and charged \$11.4 million against the severance liability and the lease termination liability has not yet been utilized. The Company expects to substantially utilize these reserves by the end of 2002.

In the fourth quarter of 2001, in connection with the Company's plan to integrate UPN with CBS operations, the Company recorded a restructuring charge of \$52.8 million. The restructuring charge included programming write-offs of \$29.6 million, approximately \$15 million of employee-related costs, including severance, and lease termination and other costs of \$8.2 million. The integration of UPN with CBS Network operations began in January 2002. The Company plans to eliminate approximately 50 positions and vacate space at 3 of UPN's offices. As of December 31, 2001, the Company had not

utilized the severance and lease termination reserves. The Company plans to substantially utilize these reserves by the end of 2002.

In June 1999, the Company completed its tender offer for all outstanding shares of Spelling Entertainment Group Inc. ("Spelling") common stock that it did not already own for \$9.75 per share in cash and then acquired the remaining outstanding shares of Spelling not tendered through a merger of Spelling and a wholly owned subsidiary of the Company. As a result of the merger, each share of Spelling common stock was also converted into the right to receive \$9.75 in cash. The consideration for tendered shares was approximately \$176 million.

In connection with the integration of the operations of Spelling into Paramount Television, the Company recorded a charge of approximately \$81.1 million, of which \$70.3 million was recorded as a restructuring charge and \$10.8 million was recorded as part of depreciation expense in the third quarter of 1999. Included in the charge were severance and employee related costs of \$48.1 million, lease termination and other occupancy costs of \$17.7 million and other exit costs of \$4.5 million. Severance and other employee related costs represent the costs to terminate approximately 250 employees engaged in legal, sales, marketing, finance, information systems, technical support and human resources for Spelling. Lease termination and other occupancy costs principally represent the expenses associated with vacating existing lease obligations in New York and Los Angeles. The depreciation expense of approximately \$10.8 million was associated with the fixed asset write-offs for software, leasehold improvements and equipment located at these premises. As of December 31, 2001, the Company had paid and charged approximately \$48.1 million against the severance liability, \$13.9 million against lease termination and other occupancy costs, and \$3.1 million against the other exit costs.

Financial Position

Current assets decreased to \$7.2 billion at December 31, 2001 from \$7.8 billion as of December 31, 2000 principally due to reductions in cash and receivables. The decrease in cash principally represents the timing of payments of commercial paper obligations. The decrease in accounts receivable was principally due to the sale of receivables under the receivable securitization programs. The allowance for doubtful accounts as a percentage of receivables was 7.1% at December 31, 2001 compared to 5.8% at December 31, 2000.

Property and equipment decreased to \$6.3 billion at December 31, 2001 from \$6.6 billion at December 31, 2000 principally reflecting depreciation expense of \$872.8 million partially offset by acquired assets and capital expenditures of \$515.4 million principally for cable networks, television and radio equipment and new and existing video stores. Non-current inventory increased to \$3.9 billion at December 31, 2001 from \$3.6 billion at December 31, 2000, principally reflecting an increase in theatrical inventory due to the timing of incurred production costs for in-process inventory, the timing of home video releases and the availability of films to pay and free television markets, and increases in program rights. These increases were partially offset by the Blockbuster special item charges which reduced VHS rental inventory. Intangibles of \$71.0 billion at December 31, 2001 increased by \$9.0 billion compared to \$62.0 billion at December 31, 2000, principally reflecting the merger with Infinity and the BET acquisition partially offset by amortization expense of \$2.2 billion.

Current liabilities decreased to \$7.6 billion at December 31, 2001 from \$7.8 billion at December 31, 2000 principally due to reductions in accounts payable and income taxes payable reflecting the timing of payments. The other liabilities balance of \$5.7 billion as of December 31, 2001 principally consist of long-term accrued distribution fees, accrued program rights, and retained liabilities of discontinued operations. The minority interest balance of \$1.2 billion at December 31, 2001 decreased from \$7.0 billion at December 31, 2000 reflecting the February 2001 merger with Infinity.

Cash Flows

Operating Activities. Net cash flow from operating activities of \$3.5 billion for 2001 principally reflects a net loss of \$223.5 million adjusted for \$3.1 billion of depreciation and amortization expense and \$512 million for the 2001 Blockbuster, MTVN, and UPN charges plus decreases in accounts receivable, partially offset by payments of accrued expenses and accounts payable. Net cash flow from operating activities of \$2.3 billion in 2000 primarily reflects the net loss of \$816.1 million adjusted for \$2.2 billion of depreciation and amortization, \$698.5 million of Viacom/CBS merger-related charges and \$753.9 million for the cumulative effect of change in accounting principle partially offset by increases to receivables and payment of accrued liabilities.

Investing Activities. Net cash expenditures for 2001 investing activities of \$1.2 billion principally reflect 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. Net cash expenditures for investing activities of \$2.9 billion for 2000 principally reflect capital expenditures of \$659.0 million and acquisitions of \$2.4 billion principally for radio stations and outdoor businesses.

Financing Activities. Financing activities for 2001 principally reflect \$1.6 billion net repayment of debt and \$1.1 billion used to repurchase Company stock. Financing activities for 2000 principally reflect approximately \$3.1 billion of borrowings from banks and proceeds from the issuance of senior notes and debentures partially offset by the purchase of treasury stock.

Planned capital expenditures, including information systems costs, are approximately \$625 million to \$675 million in 2002. These expenditures are primarily related to capital additions for cable networks, television and radio equipment, new and existing video stores and theme park attractions. The Company's joint ventures are expected to require estimated net cash contributions of approximately \$10 million to \$20 million in 2002 as compared to net cash contributions of \$15 million in 2001.

Cash paid for income taxes of \$430 million for 2001 were favorably impacted by the one-time utilization of certain tax attributes primarily related to pre-merger related activities of CBS, the recognition of tax benefits associated with non-recurring items and the deferral of the obligation to make 2001 federal estimated tax payments until 2002 as a result of the events of September 11. In addition to the deferral of tax payments related to September 11, cash income taxes for 2002 will be higher due to expected higher operating income and the absence of the 2001 non-recurring items and are expected to be in the range of approximately \$900 million to \$1.1 billion.

Subsequent to its August 1999 initial public offering, Blockbuster no longer participates in the Company's centralized cash management system. Cash generated by Blockbuster's operations is expected to be retained by Blockbuster to fund its anticipated cash requirements.

On July 7, 1999, the Viacom Five-Year Warrants expired. The Company received proceeds of approximately \$317 million and issued approximately 9.0 million shares of its Class B Common Stock in connection with the exercise of 4.5 million warrants issued as part of the 1994 acquisition of Paramount

Share Repurchase Programs

During 2001, the Company repurchased 24.2 million shares of its Class B Common Stock for approximately \$1.0 billion under its share repurchase programs. Fourth quarter 2001 repurchases included in this total amounted to \$254 million. From January 1 through March 8, 2002, the Company had repurchased 6.6 million shares of its Class B Common Stock for \$271 million and as of March 8, 2002 there was approximately \$753 million remaining under the authorized repurchase program.

During 2000, the Company repurchased 10,000 shares of its Class A Common Stock and 34.2 million shares of its Class B Common Stock for approximately \$1.95 billion in the aggregate. During 1999, the Company had repurchased 25,000 shares of its Class A Common Stock, 10.6 million shares of its Class B Common Stock and 1.1 million Viacom Five-Year Warrants, for approximately \$466.4 million in the aggregate.

Capital Structure

The following table sets forth the Company's long-term debt:

At December 31,	2001	2000
Notes payable to banks	\$ 645.0	\$ 1,879.1
Commercial paper	1,104.3	3,856.4
Senior debt	8,834.6	5,594.9
Senior subordinated debt	50.8	732.2
Subordinated debt	19.8	39.4
Other notes	16.2	43.5
Obligations under capital leases	452.0	552.2
	11,122.7	12,697.7
Less current portion	299.0	223.9
	\$ 10,823.7	\$ 12,473.8

The Company has classified short-term indebtedness as long-term debt based upon its intent and ability to refinance such indebtedness on a long-term basis. Debt, including the current portion, as a percentage of total capitalization of the Company decreased to 15% at December 31, 2001 from 21% at December 31, 2000.

As a result of the Viacom/CBS Merger, Viacom assumed approximately \$3.7 billion of CBS' debt.

On March 28, 2000, the Viacom credit agreements were amended to allow for the merger of CBS with and into the Company. On April 17, 2000, the CBS credit agreement, which consisted of a \$1.5 billion revolving credit facility maturing August 29, 2001 and the Infinity credit agreement, which consisted of a \$1.5 billion revolving credit facility maturing August 29, 2001, were amended to allow for the merger of CBS with and into the Company. On May 3, 2000, Infinity entered into two new credit facilities, totaling \$1.95 billion, comprised of a \$1.45 billion 5-year revolving credit facility and a \$500 million 364-day revolving credit facility.

On March 7, 2001, the Company cancelled all of the above-mentioned credit agreements other than the Infinity \$1.45 billion facility, and entered into two new credit facilities. These two new facilities totaled \$3.5 billion and were comprised of a \$1.5 billion 5-year revolving credit facility and a \$2.0 billion 364-day revolving credit facility. The Company also amended and restated the Infinity \$1.45 billion facility. The terms and conditions were substantially conformed to the \$1.5 billion 5-year revolving credit facility and the Company was designated as the borrower. As of December 31, 2001, the Company had unused revolving credit facilities of \$4.85 billion in the aggregate. The \$2.0 billion facility was to expire in 2002, and the \$1.5 billion and \$1.45 billion facilities in 2005 and 2006, respectively. On March 5, 2002, the Company

entered into a new \$1.8 billion 364-day facility to replace the \$2.0 billion facility which was to expire on March 6, 2002. The \$1.8 billion facility expires in March 2003.

The primary purpose of the facilities is to support commercial paper borrowings. The Company, at its option, may borrow in certain foreign currencies up to specified limits under the \$1.5 billion 5-year revolving credit facility. Borrowing rates under the facilities are determined at the time of each borrowing and are based generally on the London Interbank Offer Rate ("LIBOR") plus a margin based on the Company's senior unsecured debt rating. At December 31, 2001, LIBOR for borrowing periods of one month and two months were 1.87% and 1.88%, respectively. The Company pays commitment fees based on the total amount of the facility commitments. As of March 5, 2002, the amounts available under the Company's revolving credit facilities totaled \$4.59 billion.

The facilities contain certain covenants which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2001, the Company was in compliance with the financial covenants. The Company expects to be in compliance and satisfy all such covenants as may be applicable from time to time during 2002.

The Company issues commercial paper under its \$4.75 billion program. Borrowings under the program have maturities of less than a year and are supported by unused revolving credit facilities. At December 31, 2001, the Company had borrowings under the program of approximately \$1.1 billion.

On January 15, 2002, the 11.375% subordinated debentures due 2009 were redeemed at a redemption price equal to 105.7% of the principal amount.

On December 3, 2001, the Company completed a consent solicitation and tender offer to purchase for cash substantially all of the outstanding 8.875% senior subordinated notes due 2007 at a redemption price equal to 107.5% of the principal amount. An extraordinary loss of \$3.9 million, net of tax, was recognized on the tender offer.

On June 29, 2001, the Company issued \$335 million of 7.25% senior notes due June 30, 2051; interest on the senior notes will be paid quarterly. Proceeds from the debt issuance were used to repay commercial paper indebtedness. The senior notes are redeemable at anytime by the Company after June 30, 2006 at their principal amount plus accrued interest.

In 2001, the Company issued, under Rule 144A, \$800 million of 6.40% senior notes due January 30, 2006, \$1.0 billion of 6.625% senior notes due May 15, 2011; \$500 million of 7.70% senior notes due July 30, 2010, and \$750 million of 7.875% senior debentures due July 30, 2030; interest on the senior notes and debentures will be payable semi-annually. Proceeds were used to repay bank debt, including commercial paper. These notes and debentures were exchanged for registered notes and debentures. The senior debentures and the senior notes due July 30, 2010, May 15, 2011 and July 30, 2030 are redeemable at any time at their principal amount plus the applicable premium and accrued interest.

During 2001, all \$189.6 million outstanding of Infinity's 9.375% senior subordinated notes due 2006 were redeemed at a redemption price equal to 104.7% of the principal amount. On February 1, 2001, all \$60.3 million outstanding of Infinity's 9% senior subordinated notes due 2006 were redeemed at a redemption price equal to 104.5% of the principal amount.

On August 1, 2000, the Company issued \$1.15 billion of 7.70% senior notes due July 30, 2010 and \$500 million of 7.875% senior debentures due July 30, 2030; interest on the senior notes and debentures is payable semi-annually. Proceeds from the debt issuance were used to repay bank debt, including commercial paper. The senior notes and debentures are redeemable at any time at their principal amount plus the applicable premium and accrued interest.

As of December 31, 2001, the Company had an aggregate of \$950 million 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 sheet. The Company enters into these arrangements because they provide a cost-efficient form of financing and an additional source of liquidity. Proceeds from the

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programs were used to reduce outstanding borrowings. The Company is required to maintain certain ratios in connection with these programs. As of December 31, 2001, the Company was in compliance with the required ratios under the receivable securitization programs.

Blockbuster Credit Agreement

On June 21, 1999, Blockbuster entered into a \$1.9 billion unsecured credit agreement (the "Blockbuster Credit Agreement") with a syndicate of banks. The Blockbuster Credit Agreement was initially comprised of a \$700 million long-term revolver due July 1, 2004; a \$600 million term loan due in quarterly installments beginning April 1, 2002 and ending July 1, 2004; and a \$600 million short-term revolver, which was paid down during 2000. The repayment of the short-term revolver permanently reduced the borrowing capacity under the Blockbuster Credit Agreement from \$1.9 billion to \$1.3 billion. Blockbuster had \$700 million of available borrowing capacity under the long-term revolver at December 31, 2001 and has the ability with this available borrowing capacity to extend the maturities of the current portion of their term loan. Blockbuster is actively reviewing its financing arrangements and will pursue strategies to optimize its capital structure. 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, 2001 for borrowings under the Blockbuster Credit Agreement was 5.8%. A variable commitment fee based on the total leverage ratio is charged on the unused amount of the revolver (.25% at December 31, 2001).

The Blockbuster Credit Agreement contains certain restrictive covenants, which, among other things, relate to the payment of dividends, repurchase 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, 2001, Blockbuster was in compliance with all covenants under the Blockbuster Credit Agreement.

Liquidity and Capital Resources

The Company continually projects anticipated cash requirements, which include capital expenditures, share repurchases, acquisitions, 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 of \$582.6 million in 2002 and \$910.0 million in 2003 will be funded with cash flows generated from operating activities which totaled \$3.5 billion in 2001 and proceeds from the issuance of debt. The Company continually evaluates the relative cost of short and long-term debt in conjunction with refinancing risk. 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 \$335 million of securities under the shelf registration statement.

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Commitments and Contingencies

The following table presents the Company's significant unrecorded contractual commitments and scheduled long-term debt maturities (excluding commercial paper) as of December 31, 2001:

	2002	2003	2004	2005	2006	2007 & thereafter
Commitments	\$ 2,907.3	\$ 2,380.3	\$ 2,023.9	\$ 1,782.2	\$ 232.2	\$ 5,913.4
Operating leases	833.5	753.9	633.4	517.0	415.3	1,861.2
Long-term debt	582.6	910.0	178.9	1,472.8	800.8	5,571.9
Capital lease obligations (including interest)	172.6	112.2	76.5	62.5	49.8	88.8
Guaranteed minimum franchise payments	341.3	301.5	271.4	223.9	130.5	237.3
Letters of credit and surety bonds	305.8	—	—	—	—	—
Theater lease and long-term debt guarantees	232.5	9.1	9.2	9.3	8.6	115.4

Commitments

The Company has long-term noncancelable operating lease commitments for retail and office space and equipment, transponders, studio facilities and vehicles. The Company has also entered into capital leases for satellite transponders and buildings.

Infinity's outdoor advertising business has franchise rights entitling it to display advertising on such media as buses, taxis, trains, bus shelters, terminals, billboards, and phone kiosks. 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.

Other commitments of the Company, estimated to aggregate approximately \$15.2 billion, are not reflected in the balance sheet as of December 31, 2001. These commitments include approximately \$10.3 billion for the acquisition of sports programming rights, approximately \$3.9 billion relating to television and feature film production and acquisitions and approximately \$1.0 billion for talent contracts. A majority of such fees are payable over several years, as part of the normal course of business. See Note 14 of Notes to Consolidated Financial Statements for a description of the Company's future minimum lease commitments and franchise payments.

Guarantees

The Company owns a 50% equity interest in United Cinemas International ("UCI") which operates movie theaters in Europe, Latin America and Asia. The Company guarantees approximately \$367.2 million of UCI's debt obligations and 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 \$16.9 million. These guarantees are not recorded on the balance sheet as of December 31, 2001. The Company is also subject to certain off-balance sheet lease guarantees related to the divestitures of certain businesses. The Company estimates those guarantees to be less than \$100 million at December 31, 2001.

Legal Matters

Antitrust. The Company, Blockbuster and Paramount Home Entertainment are among the defendants in a lawsuit filed on July 21, 1999 in the United States District Court for the Western District of Texas by one former and three present independent video retailers against the major motion picture studios and the Company. The plaintiffs, purporting to act as class representatives on behalf of themselves and all others similarly situated, alleged that the Company and the studios conspired among themselves

and with Blockbuster to restrain competition in the nationwide market for distribution of videocassettes for rental to the public in violation of federal and California law. Plaintiffs sought injunctive relief under federal law as well as triple the amount of the alleged actual damages to themselves and those similarly situated under California statutes. In January 2001, plaintiffs moved to withdraw their California state law claims from the federal lawsuit in Texas and filed a substantially similar complaint with approximately 200 additional named plaintiffs in Superior Court for the County of Los Angeles. This complaint also sought certification of a nationwide class of similarly situated plaintiffs. In March 2001, the Texas court denied the plaintiffs' motion for class certification of both the federal and the California state law claims in the federal action and denied the plaintiffs' motion to withdraw their California state law claims from that action. On January 8, 2002, the California court also denied plaintiffs' motion for class certification. The Company believes that the plaintiffs' position in these litigations is without merit and intends to defend itself vigorously in the litigations.

Asbestos and Environmental. The Company is a defendant in lawsuits claiming various asbestos-related personal injuries, 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 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. As of December 31, 2001, the Company had pending approximately 106,000 asbestos claims, as compared to approximately 100,000 as of December 31, 2000 and 121,000 as of December 31, 1999. Of the claims pending as of December 31, 2001, approximately 75,000 were pending in state courts, 22,000 in federal court and approximately 9,000 were third party claims. During 2001, the Company received approximately 60,000 new claims and closed approximately the same number of 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 in 2001 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits, were approximately \$21 million. A portion of such costs relates to claims settled in prior years.

Filings include claims for individuals suffering from mesothelioma, a rare cancer which is allegedly caused solely 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. Only a very small percentage of the Company's pending asbestos claims that identify the alleged injury contain allegations that the plaintiff's exposure to asbestos resulted in cancer; in recent filings in which the Company knows the nature of the claimed injury, the percentage of cancer claims has been declining significantly. In more than 50% of the 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.

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.

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Other. The Company has amounts owed by an international licensee under a series of long-term licensing arrangements covering feature film and television product. The licensee is disputing its obligation to accept and to pay for a portion of this product under certain of these arrangements. The Company has brought suit to enforce its rights under those arrangements and strongly believes in the merits of its position. In the event of the licensee's bankruptcy, the Company may be unable to recover some or all of amounts being sought in the litigation, as well as the undisputed sums owing under these arrangements. The Company however, believes that the resolution of such matters will not have a material adverse effect on the Company's consolidated results of operations.

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 the above-described legal matters are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

Market Risk

Effective January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended ("SFAS 133"). SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value. SFAS 133 also established new accounting 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. The impact of adoption was immaterial on the Company's consolidated results of operations and financial position.

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 change in fair value of the non-designated contracts is 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 rates 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, 2001, the swaps could be terminated by a payment of approximately \$4.5 million.

The effective portion of the change in fair value of cash flow hedges are 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 \$6.4 million will be amortized into 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.

During December 2001, the Company entered into \$750 million notional amount swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. Of the \$750 million notional amount, \$225 million matures on January 15, 2003, \$275 million matures on September 1, 2003 and \$250 million matures on June 1, 2005, and the Company receives interest at approximately 3.2%, 3.8% and 4.5%, respectively, and pays three-month LIBOR. These fair value hedges were fully effective.

On January 23, 2001, the Company, in connection with the acquisition of BET, assumed \$425 million of cash flow swap agreements which effectively convert variable rate interest payments on commercial paper to a fixed rate. As of December 31, 2001, the notional amount outstanding was approximately \$253 million. The notional amount of the swaps amortize by approximately \$78 million and \$156 million in

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September of 2002 and 2003, respectively, and mature in September 2004. Interest is received based upon three-month LIBOR and is paid at approximately 5.07%.

At December 31, 2001, the notional amount of the foreign exchange derivative contracts was \$268.1 million. Of this balance, \$76.6 million represents cash flow hedges used to reduce foreign exchange exposure for future production costs. The remaining \$191.5 million represents hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges.

The variable rate portion of the Company's debt is affected by fluctuations in interest rates. Based on the amount of variable rate debt outstanding on December 31, 2001, a 100 basis point change in interest rates would cause a \$22.4 million change in annual interest expense.

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. Outstanding letters of credit and surety bonds totaled approximately \$306 million at December 31, 2001. The Company's receivables do not represent significant concentrations of credit risk at December 31, 2001, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

Euro Conversion

The Euro transition has been completed and the Company's transition to the Euro currency has not had a significant impact on the manner in which it conducts its business affairs and processes its business and accounting records. Accordingly, conversion to the Euro has not had a material effect on the Company's financial condition or results of operations.

Related Parties

National Amusements, Inc. ("NAI") is a closely held corporation that beneficially owns approximately 68% of the Company's Class A 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, 2001. 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.

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 of Infinity's programming. In addition, certain employees of Infinity serve as officers of Westwood One for which the Company receives a management fee. Revenue and expense reimbursements from these arrangements were approximately \$102.4 million and \$77.6 million in 2001 and 2000, respectively.

Recent Pronouncements

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), effective for fiscal years beginning after December 15, 2001 and replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS 144 establishes an accounting model for long-lived assets to be disposed of by sale, including discontinued operations, and replaces the provisions of Accounting Principles Board ("APB") Opinion No. 30 for the disposal of segments of a business. Long-lived assets classified as held for disposal as a result of disposal activities that were initiated prior to adoption of SFAS 144 shall continue to be accounted for under the provisions of SFAS No. 121 or

APB Opinion No. 30. The adoption of SFAS 144 will not have a material effect on the Company's financial statements.

In June 2001, the FASB issued SFAS No. 141 "Business Combinations" ("SFAS 141"), effective for business combinations initiated after June 30, 2001 and SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") effective for the fiscal years beginning after December 15, 2001. Under SFAS 141, all business combinations are required to be accounted for under the purchase method of accounting.

SFAS 142 supersedes APB Opinion No. 17 "Intangible Assets", related to financial accounting and reporting for acquired goodwill and other intangible assets. SFAS 142 requires that goodwill and intangible assets with indefinite lives, including such assets recorded in past business combinations, no longer be amortized to earnings, but should instead be 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. Intangible assets with finite lives will continue to be amortized over their useful lives and reviewed for impairment. The Company will adopt SFAS 142 in the first quarter of 2002. The Company has determined that with the exception of Blockbuster, none of the Company's reporting units has an impairment. The impairment charge will be determined after the fair value of Blockbuster has been allocated to specific assets and liabilities and will be recognized as a cumulative effect of a change in accounting principle. Any potential write-off of Blockbuster's goodwill would represent an insignificant decrease relative to the Company's consolidated intangibles of approximately \$71 billion. Also, as a result of the new accounting standard, future amortization expense will be significantly lower. The Company anticipates a significant reduction in amortization expense from \$2.2 billion for 2001 to approximately \$110 million for 2002.

Critical Accounting Policies

The SEC recently issued Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies" ("FRR 60"), suggesting 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 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 a 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 or license period. These judgments are used to determine the amortization of capitalized programming costs associated with revenues earned and any 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 unit, according to the product category. The estimates for useful lives and residual values of the

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. See Notes 5 and 6 to the consolidated financial statements for further discussion.

- 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.
- The Company assesses potential impairment of long-lived assets and identifiable intangibles under the guidance of SFAS 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The Company will adopt SFAS 142 in the first quarter of 2002 and has determined that based on segment valuation studies with the exception of Blockbuster, none of the Company's reporting units has an impairment. The impairment charge will be determined after the fair value of Blockbuster has been allocated to specific assets and liabilities and will be recognized as a cumulative effect of a change in accounting principle. Any potential write-off of Blockbuster's goodwill would represent an insignificant decrease relative to the Company's consolidated intangibles of approximately \$71 billion.
- The Company's cost and equity investments, where market value has declined below cost, are regularly reviewed by management to determine whether or not there has been an other-than-temporary decline in market value. In making that determination, management considers the extent to which cost exceeds market value, the duration of the market decline and the investees' earnings and cash forecasts, and current cash position, among other factors. In 2001, the Company recorded a non-cash impairment loss of approximately \$125.0 million.
- Balance sheet reserves and liabilities related to taxes, legal issues, restructuring charges and discontinued operations, 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 these factors will not change in future periods.

Cautionary Statement Concerning Forward-Looking Statements

This document and the documents incorporated by reference into this 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 involve known and unknown risks, uncertainties and other factors 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.

The following important factors, among others, could affect future results, causing these results to differ materially from those expressed in the Company's forward-looking statements:

- The Company derives substantial revenues from the sale of advertising time on its over-the-air networks, basic cable networks, television stations, radio stations and outdoor businesses. The advertising market has recently experienced softness. The sale of advertising time is affected by viewer demographics, viewer ratings and market conditions for advertising time. Adverse changes to any of these factors could have a negative effect on revenues.
- Operating results derived from the Company's motion picture and television production 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 and other factors have resulted in higher production costs. In addition, the commercial success of the Company's motion picture and television productions also depends upon the quality and acceptance of other competing productions, and the availability of alternative forms of entertainment and leisure time activities.
- The Company's operating results also 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.
- The Company's basic cable networks and premium subscription television networks are dependent on affiliation agreements with cable and direct-to-home ("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 time, and with respect to premium subscription television networks, subscriber fee revenues. In addition, continued consolidation among cable and/or DTH distributors could have an adverse effect on subscriber fee revenues.
- Some of the Company's businesses are seasonal. The home video and consumer publishing businesses 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 business experiences fluctuations based on the timing of advertising expenditures by retailers and typically experiences highest revenues in the fourth quarter and lowest revenues in the first quarter.

- 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 was 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.
- Studios have historically sold VHS movies to video retailers under a two-tiered pricing structure consisting of "rental pricing" and "sell-through" pricing, thereby creating a "rental window" for VHS product. The Company cannot control or predict with certainty studio pricing policies. The rental window has benefited the rental industry because, during the rental window, VHS prices are too high to generate consumer demand for purchasing VHS. There is not currently a domestic rental window for DVD. DVD rental product has generated higher margins than VHS revenue-

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sharing product due to the lower cost associated with sell-through DVD pricing, however, this pricing has also resulted in competition from mass merchant retailers at an earlier stage than is the case for VHS. The Video business could be negatively affected if consumers desire to purchase, rather than rent, movies. In addition, Video's profitability could be adversely affected if it did not derive most of its revenues from the rental business, as sell-through margins are generally lower than rental margins.

- Changes in FCC laws and regulations could, directly or indirectly, adversely affect the operations and ownership of the Company's properties.
- The Company has contingent liabilities related to discontinued operations, including environmental liabilities and pending litigation. While the pending or potential litigation, environmental and other liabilities should not have a material adverse effect on the Company, there can be no assurance in this regard.
- The Company may be adversely affected by changes in technology and its effect on competition in the Company's markets.
- Other economic, business, competitive and/or regulatory factors affecting the Company's businesses generally.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. 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 assure you that projected results or events will be achieved. You should review carefully all information, including the financial statements and the notes to the financial statements, included or incorporated by reference into this Form 10-K.

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."

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Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Stockholders of Viacom Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of cash flows and of stockholders' equity and comprehensive income present fairly, in all material respects, the financial position of Viacom Inc. and its subsidiaries (the "Company") at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 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 14(a) 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.

PRICEWATERHOUSECOOPERS LLP
New York, New York
February 11, 2002

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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 accountants, 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, meets periodically with the independent accountants, with our internal auditors, as well as with management, to review accounting, auditing, internal accounting controls and financial reporting matters. The Audit Committee is also responsible for recommending to the Board of Directors the independent accounting firm to be retained for the coming year, subject to stockholder approval. The independent accountants and the internal auditors 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
Vice President, Controller
Chief Accounting Officer

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VIACOM INC. AND SUBSIDIARIES

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

	Year Ended December 31,		
	2001	2000	1999
Revenues	\$ 23,222.8	\$ 20,043.7	\$ 12,858.8
Expenses:			
Operating	14,137.0	11,707.1	8,337.9
Selling, general and administrative	4,419.2	4,093.7	2,358.6
Restructuring and merger-related charges	119.4	698.5	70.3
Depreciation and amortization	3,087.0	2,223.5	844.7
Total expenses	21,762.6	18,722.8	11,611.5
Operating income	1,460.2	1,320.9	1,247.3
Interest expense	(962.7)	(822.3)	(448.9)
Interest income	30.6	53.2	27.7
Other items, net	254.7	8.8	17.8
Earnings before income taxes	782.8	560.6	843.9
Provision for income taxes	(922.5)	(729.8)	(411.4)
Equity in loss of affiliated companies, net of tax	(127.0)	(124.2)	(60.7)
Minority interest, net of tax	47.1	(70.4)	(.1)

Net earnings (loss) before extraordinary loss and cumulative effect of change in accounting principle	(219.6)	(363.8)	371.7
Extraordinary loss, net of tax	(3.9)	—	(37.7)
Cumulative effect of change in accounting principle, net of tax	—	(452.3)	—
Net earnings (loss)	(223.5)	(816.1)	334.0
Cumulative convertible preferred stock dividend requirement	—	—	(.4)
Premium on repurchase of preferred stock	—	—	(12.0)
Net earnings (loss) attributable to common stock	\$ (223.5)	\$ (816.1)	\$ 321.6
Basic earnings (loss) per common share:			
Net earnings (loss) before extraordinary loss and cumulative effect of change in accounting principle	\$ (.13)	\$ (.30)	\$.52
Net earnings (loss)	\$ (.13)	\$ (.67)	\$.46
Diluted earnings (loss) per common share:			
Net earnings (loss) before extraordinary loss and cumulative effect of change in accounting principle	\$ (.13)	\$ (.30)	\$.51
Net earnings (loss)	\$ (.13)	\$ (.67)	\$.45
Weighted average number of common shares outstanding:			
Basic	1,731.6	1,225.3	695.2
Diluted	1,731.6	1,225.3	709.5

See notes to consolidated financial statements.

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VIACOM INC. AND SUBSIDIARIES

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

	At December 31,	
	2001	2000
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 727.4	\$ 934.5
Receivables, less allowances of \$274.9 (2001) and \$246.2 (2000)	3,581.8	3,964.1
Inventory (Note 7)	1,369.4	1,402.0
Deferred tax asset, net (Note 12)	359.7	336.3
Other current assets	1,168.1	1,195.5
Total current assets	7,206.4	7,832.4
Property and Equipment:		
Land	752.7	713.8
Buildings	1,030.5	837.1
Capital leases	778.1	852.5
Advertising structures	2,074.5	2,076.5
Equipment and other	4,729.1	4,505.8
	9,364.9	8,985.7
Less accumulated depreciation and amortization	3,029.7	2,383.9
Net property and equipment	6,335.2	6,601.8
Inventory (Note 7)	3,884.9	3,632.9
Intangibles, at amortized cost	70,990.1	62,004.1
Other assets	2,393.3	2,574.9
Total Assets	\$ 90,809.9	\$ 82,646.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 945.0	\$ 1,261.1
Accrued expenses	2,828.4	2,790.2

Accrued compensation	708.5	642.0
Participants' share, residuals and royalties payable	1,309.4	1,220.3
Deferred income	527.7	605.9
Program rights	849.7	709.8
Income taxes payable	94.0	305.0
Current portion of long-term debt (Note 9)	299.0	223.9
Total current liabilities	7,561.7	7,758.2
Long-term debt (Note 9)	10,823.7	12,473.8
Pension and postretirement benefit obligation (Note 13)	1,643.7	1,636.8
Deferred income tax liabilities (Note 12)	1,131.2	931.5
Other liabilities	5,721.0	4,838.7
Commitments and contingencies (Note 14)		
Minority interest	1,211.8	7,040.2
Stockholders' Equity:		
Class A Common Stock, par value \$.01 per share; 750.0 shares authorized; 138.8 (2001) and 138.9 (2000) shares issued	1.4	1.4
Class B Common Stock, par value \$.01 per share; 10,000.0 shares authorized; 1,697.0 (2001) and 1,454.7 (2000) shares issued	17.0	14.5
Additional paid-in capital	64,980.6	50,729.9
Retained earnings	1,208.3	1,431.8
Accumulated other comprehensive loss (Note 1)	(152.7)	(152.5)
	66,054.6	52,025.1
Less treasury stock, at cost; 1.4 (2001 and 2000) Class A shares and 77.9 (2001) and 96.3 (2000) Class B shares	3,337.8	4,058.2
Total stockholders' equity	62,716.8	47,966.9
Total Liabilities and Stockholders' Equity	\$ 90,809.9	\$ 82,646.1

See notes to consolidated financial statements.

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VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year ended December 31,		
	2001	2000	1999
Operating Activities:			
Net earnings (loss)	\$ (223.5)	\$ (816.1)	\$ 334.0
Adjustments to reconcile net earnings (loss) to net cash flow from operating activities:			
Depreciation and amortization	3,087.0	2,223.5	844.7
Restructuring and merger-related charges	119.4	698.5	70.3
Inventory charges	392.1	—	—
Cumulative effect of change in accounting principle	—	753.9	—
(Gain) loss on transactions and other items, net	(288.5)	25.6	(33.7)
Extraordinary loss, net of tax	3.9	—	37.7
Equity in loss of affiliated companies, net of tax	127.0	124.2	60.7
Distributions from affiliated companies	55.6	48.3	26.4
Minority interest, net of tax	(47.1)	70.4	.1
Amortization of deferred financing costs	12.7	17.9	15.4
Change in operating assets and liabilities:			
Decrease (increase) in receivables	391.3	(377.9)	61.7
Decrease (increase) in inventory and related program liabilities, net	63.7	(157.3)	(603.4)
Decrease (increase) in other current assets	65.9	(172.2)	(49.4)
Increase in unbilled receivables	(107.5)	(55.7)	(120.7)
Decrease in accounts payable and accrued expenses	(519.2)	(200.1)	(19.7)
Increase (decrease) in income taxes payable and net deferred taxes	442.0	166.9	(344.5)
(Decrease) increase in deferred income	(67.2)	(48.7)	57.0

Other, net	1.5	22.1	(42.5)
Net cash flow provided by operating activities	3,509.1	2,323.3	294.1
Investing Activities:			
Acquisitions, net of cash acquired	(886.1)	(2,380.0)	(312.4)
Capital expenditures	(515.4)	(659.0)	(706.2)
Investments in and advances to affiliated companies	(70.1)	(239.2)	(161.6)
Purchases of short-term investments	(14.2)	(89.9)	(416.2)
Proceeds from sale of investments	61.4	316.6	410.3
Proceeds from dispositions	233.7	190.6	114.3
Other, net	.2	—	(35.8)
Net cash flow used for investing activities	(1,190.5)	(2,860.9)	(1,107.6)
Financing Activities:			
(Repayments to) borrowings from banks, including commercial paper, net	(4,012.0)	1,413.4	2,184.8
Proceeds from issuance of senior notes and debentures	3,423.7	1,682.9	—
Repayment of notes and debentures	(917.1)	(331.9)	(1,075.3)
Payment of capital lease obligations	(136.3)	(130.6)	(106.5)
Purchase of treasury stock and warrants	(1,066.1)	(1,945.4)	(478.8)
Proceeds from exercise of stock options and warrants	184.6	187.0	390.8
Purchase of treasury stock by subsidiary	—	(84.1)	—
Repurchase of Preferred Stock	—	—	(611.9)
Net proceeds from issuance of subsidiary stock	—	—	430.7
Payment of Preferred Stock dividends	—	—	(7.8)
Other, net	(2.5)	—	1.0
Net cash flow (used for) provided by financing activities	(2,525.7)	791.3	727.0
Net (decrease) increase in cash and cash equivalents	(207.1)	253.7	(86.5)
Cash and cash equivalents at beginning of year	934.5	680.8	767.3
Cash and cash equivalents at end of year	\$ 727.4	\$ 934.5	\$ 680.8

See notes to consolidated financial statements.

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VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND
COMPREHENSIVE INCOME
(In millions)

	Year ended December 31,					
	2001		2000		1999	
	Shares	Amount	Shares	Amount	Shares	Amount
Convertible Preferred Stock:						
Balance, beginning of year	—	\$ —	—	\$ —	—	12.0 \$ 600.0
Repurchase of Preferred Stock	—	—	—	—	(12.0)	(600.0)
Balance, end of year	—	—	—	—	—	—
Class A Common Stock:						
Balance, beginning of year	138.9	1.4	139.7	1.4	141.6	1.4
Conversion of A shares into B shares	(.1)	—	(.8)	—	(1.9)	—
Balance, end of year	138.8	1.4	138.9	1.4	139.7	1.4
Class B Common Stock:						
Balance, beginning of year	1,454.7	14.5	606.6	6.1	591.9	5.9
Exercise of stock options and warrants	10.6	.2	10.8	.1	12.8	.2
Issuance of stock for CBS acquisition	—	—	836.5	8.3	—	—
Issuance of stock for Infinity acquisition	231.6	2.3	—	—	—	—
Conversion of A shares into B shares	.1	—	.8	—	1.9	—

Balance, end of year	1,697.0	17.0	1,454.7	14.5	606.6	6.1
Additional Paid-In Capital:						
Balance, beginning of year		50,729.9		10,338.5		10,574.7
Exercise of stock options and warrants, net of tax benefit		322.4		349.7		443.5
Issuance of stock for Infinity acquisition		13,408.8		—		—
Issuance of stock for BET acquisition		521.9		—		—
Issuance of stock for CBS acquisition		—		39,641.7		—
Stock option acceleration attributable to CBS acquisition		—		400.0		—
Loss on Blockbuster Offering		—		—		(662.1)
Warrants repurchased		—		—		(17.6)
Reduction of equity interest in internet investments		(2.4)		—		—
Balance, end of year		64,980.6		50,729.9		10,338.5
Retained Earnings:						
Balance, beginning of year		1,431.8		2,247.9		1,932.9
Net earnings (loss)		(223.5)		(816.1)		334.0
Preferred Stock dividend requirement		—		—		(.4)
Premium on repurchase of Preferred Stock		—		—		(12.0)
Exercise of stock options		—		—		(6.6)
Balance, end of year		1,208.3		1,431.8		2,247.9
Accumulated Other Comprehensive Income (Loss):						
Balance, beginning of year		(152.5)		(30.2)		(67.1)
Other comprehensive income (loss)		(.2)		(122.3)		36.9
Balance, end of year		(152.7)		(152.5)		(30.2)
Treasury Stock, at cost:						
Balance, beginning of year	97.7	(4,058.2)	48.5	(1,431.7)	38.5	(998.2)
Common Stock repurchased	25.2	(1,082.8)	34.2	(1,945.4)	10.6	(448.8)
Issuance of stock for BET acquisition, net	(43.0)	1,777.8	—	—	—	—
Exercise of stock options (Class B)	—	—	—	—	(.6)	15.3
Shares held in trusts	—	—	15.0	(681.1)	—	—
Payout of shares for deferred compensation	(.6)	25.4	—	—	—	—
Balance, end of year	79.3	(3,337.8)	97.7	(4,058.2)	48.5	(1,431.7)
Total Stockholders' Equity	\$	62,716.8	\$	47,966.9	\$	11,132.0
Comprehensive Income (Loss):						
Net earnings (loss)	\$	(223.5)	\$	(816.1)	\$	334.0
Other Comprehensive Income (Loss), net of tax:						
Unrealized (loss) gain on securities		(36.7)		(92.8)		15.8
Reclassification adjustment for realized (gains) losses		69.2		45.3		(2.3)
Change in fair value of cash flow hedges		(3.0)		—		—
Cumulative translation adjustments		(29.3)		(71.4)		21.2
Minimum pension liability adjustment		(.4)		(3.4)		2.2
Total Other Comprehensive Income (Loss), net of tax		(.2)		(122.3)		36.9
Total Comprehensive Income (Loss)	\$	(223.7)	\$	(938.4)	\$	370.9

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—Viacom Inc. ("Viacom" or the "Company") is a diversified company with operations in six segments: (i) Cable Networks, (ii) Television, (iii) Infinity, (iv) Entertainment, (v) Video, and (vi) Publishing. On May 4, 2000, CBS Corporation ("CBS") merged with and into the Company and effective from this date, CBS' results of operations are included in the Company's consolidated results of operations. See Note 15 regarding the relative contribution to revenues and operating results from each of the reportable segments.

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.

Principles of Consolidation—The consolidated financial statements include the accounts of 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 are accounted for under the cost method. All significant intercompany transactions have been eliminated.

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 participation 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. As a result of the adoption of Statement of Position 00-2, "Accounting by Producers or Distributors of Films," the costs of feature and television films are classified as non-current assets.

The Company estimates that approximately 95% of unamortized costs of completed and released films (excluding amounts allocated under purchase accounting) at December 31, 2001 will be amortized within the next three years. Approximately \$693.3 million of released, and completed but not released film costs are expected to be amortized during the next twelve months. As of December 31, 2001, unamortized acquired film libraries of approximately \$505.6 million remain to be amortized on a straight-line basis over an average remaining life of 12 years.

Inventories related to base stock videocassettes are recorded at cost and amortized on an accelerated basis over three months and then on a straight-line basis over six months to an estimated \$2 salvage value.

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The cost of non-base stock videocassettes is amortized on an accelerated basis over three months to an estimated \$2 salvage value. The cost of new release 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 12 month period to an estimated \$5 and \$4 salvage value, respectively. (See Notes 6 and 7).

Program Rights—The Company acquires rights to programming and produces programming to exhibit on its broadcast networks, cable networks and broadcast 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 \$872.8 million (2001), \$799.7 million (2000) and \$496.8 million (1999). Amortization expense related to capital leases was \$81.0 million (2001), \$77.8 million (2000) and \$80.1 million (1999). Accumulated amortization of capital leases was \$294.6 million at December 31, 2001 and \$296.6 million at December 31, 2000.

Impairment of Long-Lived Assets—The Company assesses long-lived assets and identifiable intangibles 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 (see *Recent Pronouncements*).

Intangible Assets—Intangible assets, which primarily consist of the cost of acquired businesses in excess of the fair value of tangible assets and liabilities acquired ("goodwill") and FCC licenses, are generally amortized by the straight-line method over estimated useful lives of up to 40 years. The Company evaluates the amortization period of intangibles on an ongoing basis in light of changes in any business conditions, events or circumstances that may indicate the potential impairment of intangible assets. At December 31, 2001 and December 31, 2000, approximately \$10.6 billion and \$10.9 billion of intangible assets, respectively are attributable to FCC licenses. Accumulated amortization of intangible assets was \$5.5 billion at December 31, 2001 and \$3.4 billion at December 31, 2000. Accounting for intangible assets will change upon the Company's adoption of the new standard for goodwill and other intangible assets in 2002 (see *Recent Pronouncements*).

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

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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; and revenues from all television sources are recognized upon availability of the film for telecast. On average, the length of the initial revenue cycle for feature films approximates four to seven years.

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 fluctuation in operating results.

Advertising—The Company incurred advertising expenses of \$1.5 billion (2001), \$1.4 billion (2000) and \$1.1 billion (1999).

Interest—Costs associated with the refinancing or issuance of debt, as well as with debt discount, are expensed as interest over the term of the 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."

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

Provision for Doubtful Accounts—The provision for doubtful accounts charged to expense was \$112.3 million (2001), \$124.1 million (2000) and \$33.5 million (1999).

Net Earnings (Loss) per Common Share—Basic earnings per share is based upon the net earnings applicable to common shares after preferred dividend requirements and divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the effect of the assumed conversions of convertible securities and the exercise of stock options only in the periods in which such effect would have been dilutive.

The numerator used in the calculation of both basic and diluted EPS for each respective year reflects earnings (loss) less preferred stock dividends of \$.4 million and the premium on preferred stock of \$12 million for 1999. For the years ended December 31, 2001 and December 31, 2000, incremental shares of 27.9 million and 30.1 million, respectively, for the assumed exercise of stock options were excluded from the computation of diluted EPS because their inclusion would have been anti-dilutive.

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

	2001	2000	1999
Weighted average shares for basic EPS	1,731.6	1,225.3	695.2
Incremental shares for stock options	—	—	14.3
Weighted average shares for diluted EPS	1,731.6	1,225.3	709.5

Comprehensive Income (Loss)—The components of accumulated other comprehensive income (loss), net of tax benefits of \$101.7 million, \$104.1 million and \$21.0 million at December 31, 2001, 2000 and 1999, respectively, were as follows:

	Unrealized Gain (Loss) on Securities	Change in fair value of cash flow hedges	Cumulative Translation Adjustments	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
At December 31, 1998	\$ 1.2	\$ —	\$ (58.1)	\$ (10.2)	(67.1)
1999 Activity	13.5	—	21.2	2.2	36.9
At December 31, 1999	14.7	—	(36.9)	(8.0)	(30.2)
2000 Activity	(47.5)	—	(71.4)	(3.4)	(122.3)
At December 31, 2000	(32.8)	—	(108.3)	(11.4)	(152.5)
2001 Activity	32.5	(3.0)	(29.3)	(.4)	(.2)

Change in Accounting—In June 2000, the Company elected early adoption of Statement of Position 00-2, "Accounting by Producers or Distributors of Films" ("SOP 00-2"). SOP 00-2 established new film accounting standards, including changes in revenue recognition and accounting for advertising, development and overhead costs. Under the new accounting standard, all exploitation costs such as advertising expenses, marketing costs and video duplication costs for theatrical and television product will be expensed as incurred, whereas under the old accounting standards, these costs were capitalized and amortized over the products' lifetime. As a result of this early adoption in the second quarter of 2000, the Company recorded a pre-tax non-cash charge of \$753.9 million (\$452.3 million after-tax or \$.37 per basic and diluted share). This charge has been reflected as a cumulative effect of a change in accounting principle, effective January 1, 2000, in the consolidated statement of operations for the year ended December 31, 2000. Under SOP 00-2 for the year ended December 31, 2000, the Company reported lower operating results of approximately \$77 million.

In June 2000, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 139 ("SFAS 139") which rescinds SFAS No. 53 on financial reporting by motion picture film producers or distributors. SFAS 139 requires public companies to follow the guidance provided by SOP 00-2.

Derivative Instruments and Hedging Activities—Effective January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended ("SFAS 133"). SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value. SFAS 133 also established new accounting rules for hedging instruments which, depending on the nature of the hedge,

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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. The impact of adoption was immaterial on the Company's consolidated results of operations and financial position (see Note 10).

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.

Recent Pronouncements—In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), effective for fiscal years beginning after December 15, 2001 and replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS 144 establishes an accounting model for long-lived assets to be disposed of by sale, including discontinued operations, and replaces the provisions of Accounting Principles Board ("APB") Opinion No. 30 for the disposal of segments of a business. Long-lived assets classified as held for disposal as a result of disposal activities that were initiated prior to adoption of SFAS 144 shall continue to be accounted for under the provisions of SFAS No. 121 or APB Opinion No. 30. The adoption of SFAS 144 will not have a material effect on the Company's financial statements.

In June 2001, the FASB issued SFAS No. 141 "Business Combinations" ("SFAS 141"), effective for business combinations initiated after June 30, 2001 and SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") effective for the fiscal years beginning after December 15, 2001. Under SFAS 141 all business combinations are required to be accounted for under the purchase method of accounting.

SFAS 142 supersedes APB Opinion No. 17 "Intangible Assets", related to financial accounting and reporting for acquired goodwill and other intangible assets. SFAS 142 requires that goodwill and intangible assets with indefinite lives, including such assets recorded in past business combinations, no longer be amortized to earnings, but should instead be 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. Intangible assets with finite lives will continue to be amortized over their useful lives and reviewed for impairment. The Company will adopt SFAS 142 in the first quarter of 2002. The Company has determined that with the exception of Blockbuster, none of the Company's reporting units has an impairment. The impairment charge will be determined after the fair value of Blockbuster has been allocated to specific assets and liabilities and will be recognized as a cumulative effect of a change in accounting principle. Any potential write-off of Blockbuster's goodwill would represent an insignificant decrease relative to the Company's consolidated intangibles of approximately \$71 billion. Also, as a result of the new accounting standard, future amortization expense will be significantly lower. The Company anticipates a significant reduction in amortization expense from \$2.2 billion for 2001 to approximately \$110 million for 2002.

2) SUBSEQUENT EVENT

On February 13, 2002, the Company announced that it had agreed to acquire the assets of KCAL-TV for approximately \$650 million in cash. The acquisition is expected to close in mid 2002 and is subject to Federal Communications Commission review.

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3) ACQUISITIONS

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.

On May 4, 2000, CBS was merged with and into the Company (the "Viacom/CBS Merger"). The total purchase price of approximately \$39.8 billion included approximately \$37.7 billion for the issuance of 825.5 million shares of Viacom Class B Common Stock and 11,004 shares of Viacom Series C convertible preferred stock, which were subsequently converted into 11.0 million shares of Viacom Class B Common Stock, and approximately \$1.9 billion for the fair value of CBS stock options assumed by the Company and transaction costs. In addition, Viacom assumed approximately \$3.7 billion of CBS' debt.

The Viacom/CBS Merger was accounted for under the purchase method of accounting. CBS' results of operations are included in the Company's reported consolidated results of operations from the effective date of acquisition. The total cost to acquire CBS has been allocated based on the fair values of the assets acquired and liabilities assumed at the time of the Viacom/CBS Merger. The excess purchase price over the fair value of the tangible net assets acquired of approximately \$50 billion was allocated to intangibles.

Effective 2002, goodwill attributable to the above acquisitions will no longer be amortized but will be tested for impairment on an annual basis in connection with the adoption of SFAS 142 (see Note 1).

The unaudited condensed pro forma results of operations data presented below were prepared based upon the historical consolidated results of operations of the Company and CBS and assumes the above acquisitions and the Viacom/CBS Merger had occurred as of January 1, 2000.

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Pro Forma Results of Operations Data (unaudited)

Year Ended December 31,	2001	2000
Revenues	\$ 23,239.3	\$ 23,351.8
Net loss before extraordinary loss and cumulative effect of change in accounting principle	\$ (243.4)	\$ (688.0)
Net loss attributable to common stock	\$ (247.0)	\$ (1,138.3)
Basic and diluted loss per common share:		
Net loss before extraordinary loss and cumulative effect of change in accounting principle	\$ (.14)	\$ (.39)
Net loss	\$ (.14)	\$ (.64)

The pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the operating results that actually would have occurred had the above events been consummated on January 1, 2000. In addition, these results have not been adjusted to exclude the one-time Viacom/CBS merger-related charges of \$698 million in 2000. These results are not intended to be a projection of future results and do not reflect any synergies that might be achieved from the combined operations.

In addition to the above acquisitions, the Company also acquired the following businesses during 2001 and 2000 that have not been reflected in the pro forma results of operations data above. The aggregate impact of these acquisitions in these periods was not material to the Company's revenues, net loss or net loss per share.

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.

On September 15, 2000, Infinity completed the acquisition of Memphis radio stations WMC-AM and WMC-FM for approximately \$76 million.

On August 24, 2000, Infinity completed the acquisition of 18 radio stations from Clear Channel for approximately \$1.4 billion in an asset transaction. These stations are located in San Diego, Phoenix, Denver, Cleveland, Cincinnati, Orlando and Greensboro—Winston-Salem.

On July 1, 2000, Infinity completed the acquisition of Waterman Broadcasting Corporation of Texas in exchange for approximately 2.7 million shares of Infinity Class A common stock valued at approximately \$88 million. Waterman Broadcasting owns radio stations KTSA-AM and KTFM-FM in San Antonio, Texas.

During the second quarter of 2000, Infinity completed the acquisition of Giraudy, one of France's largest outdoor advertising companies, for approximately \$400 million. Infinity also acquired Societa Manifesti & Affisioni S.p.A., one of the leading Italian outdoor media sales companies, for approximately \$90 million.

On March 31, 2000, the Company acquired the remaining 50% interest in United Paramount Network ("UPN") that it did not already own. In the second quarter of 2000, the Company consolidated UPN's results of operations. Prior to this acquisition, the Company reported its proportionate share of net losses of UPN in "Equity in loss of affiliated companies, net of tax" in the Consolidated Statements of Operations.

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In the fourth quarter of 2001, MTVN announced a restructuring plan to reduce headcount in its domestic offices and close certain offices in Latin America, Europe and Asia. In connection with this plan, the Company recorded a restructuring charge of approximately \$66.6 million. Included in the restructuring charge was severance of \$58.3 million for the termination of approximately 450 employees worldwide and lease termination and other occupancy costs of \$8.3 million for vacated office space in New York. As of December 31, 2001, the Company had paid and charged \$11.4 million against the severance liability and the lease termination liability has not yet been utilized. The Company expects to substantially utilize these reserves by the end of 2002.

In the fourth quarter of 2001, in connection with the Company's plan to integrate UPN with CBS operations, the Company recorded a restructuring charge of \$52.8 million. The restructuring charge included programming write-offs of \$29.6 million, approximately \$15 million of employee-related costs, including severance, and lease termination and other costs of \$8.2 million. The integration of UPN with CBS Network operations began in January 2002. The Company plans to eliminate approximately 50 positions and vacate space at 3 of UPN's offices. As of December 31, 2001, the Company had not utilized the severance and lease termination reserves. The Company expects to substantially utilize these reserves by the end of 2002.

In the second quarter of 2000, the Company recorded non-recurring merger-related charges of \$698 million (\$505 million after-tax or \$.41 per share) associated with the integration of Viacom and CBS and the acquisition of UPN (see Note 3). These amounts included non-cash charges of \$415 million principally attributable to compensation for stock options and \$283 million of cash payments and accrued liabilities for severance, transaction fees and integration costs. As of December 31, 2001, the Company had paid and charged approximately \$109 million for severance liabilities, \$27 million for transaction fees and \$69 million related to integration costs.

In June 1999, the Company completed its tender offer for all outstanding shares of Spelling Entertainment Group Inc. ("Spelling") common stock that it did not already own for \$9.75 per share in cash and then acquired the remaining outstanding shares of Spelling that were not tendered through a merger of Spelling and a wholly owned subsidiary of the Company. As a result of the merger, each share of Spelling common stock was also converted into the right to receive \$9.75 in cash. The consideration for tendered shares was approximately \$176 million.

In connection with the integration of the operations of Spelling into Paramount Television, the Company recorded a charge of approximately \$81.1 million, of which \$70.3 million was recorded as a restructuring charge and \$10.8 million was recorded as part of depreciation expense in the third quarter of 1999. Included in the charge was severance and employee related costs of \$48.1 million, lease termination and other occupancy costs of \$17.7 million and other exit costs of \$4.5 million. Severance and other employee related costs represent the costs to terminate approximately 250 employees engaged in legal, sales, marketing, finance, information systems, technical support and human resources for Spelling. Lease termination and other occupancy costs principally represent the expenses associated with vacating existing lease obligations in New York and Los Angeles. The depreciation expense of approximately \$10.8 million was associated with the fixed asset write-offs for software, leasehold improvements and equipment located at these premises. As of December 31, 2001, the Company had paid and charged approximately \$48.1 million against the severance liability, \$13.9 million against lease termination and other occupancy costs and \$3.1 million against the other exit costs.

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5) BLOCKBUSTER SPECIAL ITEM CHARGES

During the third quarter of 2001, Blockbuster executed a strategic re-merchandising plan to allow for an expansion of store space for DVD and other strategic product offerings. Blockbuster initiated this plan with the goal of optimizing its stores' revenues and gross profit based on an evaluation of its product mix and product offerings. This evaluation also included analyses of industry trends and projections, such as the accelerated consumer acceptance of the DVD format, as evidenced by Blockbuster's increase in DVD rental revenues as a percentage of total rental revenues from approximately 7.3% for the three months ended September 30, 2000 to approximately 19.8% for the three months ended September 30, 2001 and the continued increase to 23.4% for the three months ended December 31, 2001. In connection with its plan, Blockbuster eliminated 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, and reorganized several of its corporate departments. The cost of the eliminated inventory, net of any estimated proceeds, resulted primarily in non-cash charges of approximately \$195.9 million to operating expenses in the Company's consolidated statement 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 and \$1.9 million was charged below operating income to equity in loss of affiliated companies. The strategic re-merchandising plan was completed by the end of 2001 through the destruction or sale of the identified items.

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

The amounts described above, along with the \$141.7 million recorded as a change in accounting estimates for rental inventory, comprise the Blockbuster charges of \$394.7 million to operating income for the year ended December 31, 2001.

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6) CHANGE IN ACCOUNTING ESTIMATES FOR RENTAL INVENTORY

Effective July 1, 2001, Blockbuster changed its accounting estimates related to rental inventory, including residual values and useful lives, in connection with its strategic re-merchandising plan as discussed in Note 5. The residual value of VHS rental inventories was reduced from \$4 per unit to \$2 per unit, and the residual value of game rental inventories was reduced from \$10 per unit to \$5 per unit. In addition, Blockbuster reduced its estimate of the useful life of its base stock VHS rental inventories from 36 months to 9 months. These changes in estimate reflect the impact of changes in the rental business, such as an increase in DVD rental revenues, a decrease in VHS rental revenues and trends affecting games, which have led to a reduction in the average selling value of Blockbuster's previously rented VHS and game products and a reduction in the average life of VHS rental products. As a result of these changes in estimate, the Company's operating expenses were \$141.7 million higher and net loss was higher by \$73.9 million, or an increase in loss per share of \$.04, than it would have been under the previous method for the year ended December 31, 2001.

7) INVENTORY

Theatrical and television inventory:			
Theatrical:			
Released (including acquired film libraries)	\$	510.3	\$ 365.6
Completed, not released		.9	49.5
In process and other		398.7	276.6
Television:			
Released (including acquired film libraries)		998.3	881.9
In process and other		158.4	151.5
Program rights		2,416.4	2,163.4
		4,483.0	3,888.5
Less current portion		1,003.2	985.9
		3,479.8	2,902.6
Merchandise inventory		261.4	309.9
Rental inventory		331.3	631.6
Publishing, primarily finished goods		71.2	67.9
Other		107.4	137.0
		771.3	1,146.4
Less current portion		366.2	416.1
		405.1	730.3
Total Current Inventory	\$	1,369.4	\$ 1,402.0
Total Non-Current Inventory	\$	3,884.9	\$ 3,632.9

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8) 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 Comedy Central (50% owned), United Cinemas International (50% owned), Nickelodeon U.K. (50% owned), NOGGIN (50% owned), Middle East Channel (33% owned), WF Cinema Holding L.P. (50% owned), Grauman's Theatres LLC (50% owned), MarketWatch.com, Inc. (34% owned) and Hollywood Media Corp. (30% owned). The following is a summary of combined financial information that is based on information provided by the equity investees.

Year Ended December 31,	2001	2000	1999
Results of Operations Data:			
Revenues	\$ 2,602.3	\$ 2,465.0	\$ 1,995.4
Operating loss	(94.8)	(191.4)	(109.4)
Net loss before extraordinary loss and cumulative effect of change in accounting principle	(172.8)	(254.9)	(154.9)
At December 31,			
Financial Position:			
Current assets	\$ 908.2	\$ 1,025.7	
Non-current assets	1,157.7	1,247.9	
Current liabilities	785.0	786.1	
Non-current liabilities	681.6	580.3	

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 of \$74.9 million and \$162.2 million at December 31, 2001 and 2000, respectively is being amortized over the remaining estimated useful life. The amortization expense is reflected in "Equity in loss of affiliated companies, net of tax." Accounting for intangibles will change upon the Company's adoption of the new standard for goodwill and other intangible assets in 2002 (see Note 1—*Recent Pronouncements*).

At December 31, 2001, the Company's equity investments included two publicly traded Internet-based companies: Hollywood Media Corp. and MarketWatch.com, Inc. Based upon quoted market prices at December 31, 2001, the aggregate market value of these investments was approximately \$73.9 million.

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. Any related deferred revenue balance 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 \$87.2 million has been recognized for the year ended December 31, 2001.

At December 31, 2001, the Company had \$65.6 million in cost investments that are included as a component of other assets. The 2001 mark-to-market adjustments in fair value for the publicly traded cost

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investments were \$(.3) million, net of tax, and were recorded as a decrease in other comprehensive income. The Company determined that some of its cost investments experienced an other than temporary decline in market value as of December 31, 2001, and accordingly, the Company recorded a non-cash impairment loss on these investments for approximately \$125.0 million in "Other items, net" in the Consolidated Statements of Operations.

National Amusements, Inc. ("NAI") is a closely held corporation that beneficially owns approximately 68% of the Company's Class A 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, 2001. 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.

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 of Infinity's programming. In addition, certain employees of Infinity serve as officers of Westwood One for which the Company receives a management fee. Revenue and expense reimbursements from these arrangements were approximately \$102.4 million and \$77.6 million in 2001 and 2000, 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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9) BANK FINANCING AND DEBT

Long-term debt consists of the following:

At December 31,	2001	2000
Notes payable to banks	\$ 645.0	\$ 1,879.1
Commercial paper	1,104.3	3,856.4
7.50% Senior Notes* due 2002	250.0	249.6
7.625% Senior Notes due 2002	143.0	143.0
8.375% Notes due 2002	—	201.4
6.75% Senior Notes due 2003	350.0	349.9
6.875% Notes due 2003	274.9	274.9
7.15% Senior Notes due 2005	499.2	499.0
7.75% Senior Notes due 2005	967.8	966.9
6.40% Senior Notes due 2006	804.3	—
7.70% Senior Notes due 2010	1,675.9	1,148.7
6.625% Senior Notes due 2011	993.3	—
8.625% Debentures due 2012	266.3	271.1
8.875% Notes due 2014	101.9	101.9
7.625% Senior Debentures due 2016	199.0	198.9
8.25% Senior Debentures* due 2022	237.3	237.2
7.125% Senior Notes due 2023	52.2	52.2
7.875% Debentures due 2023	250.7	250.7
7.50% Senior Debentures* due 2023	149.6	149.6
7.875% Senior Debentures due 2030	1,284.2	499.9
7.25% Senior Notes due 2051	335.0	—
10.25% Senior Subordinated Notes* due 2001	—	35.3
9.00% Senior Subordinated Notes due 2006	—	63.1
9.375% Senior Subordinated Notes due 2006	—	189.6
8.875% Senior Subordinated Notes due 2007	2.7	376.4
10.50% Senior Subordinated Notes due 2009	48.1	67.8
11.375% Subordinated Debentures due 2009	19.8	39.4
Other notes	16.2	43.5
Obligations under capital leases	452.0	552.2

	11,122.7	12,697.7
Less current portion	299.0	223.9
	\$ 10,823.7	\$ 12,473.8

* Issues of Viacom International Inc. guaranteed by the Company.

The notes and debentures above included the aggregate unamortized premium of \$49.4 million at December 31, 2001 and were presented net of an aggregate unamortized discount of \$21.4 million at December 31, 2000.

As a result of the Viacom/CBS Merger, Viacom assumed approximately \$3.7 billion of CBS' debt.

On March 28, 2000, the Viacom credit agreements were amended to allow for the merger of CBS with and into the Company. On April 17, 2000, the CBS credit agreement, which consisted of a \$1.5 billion

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revolving credit facility maturing August 29, 2001 and the Infinity credit agreement, which consisted of a \$1.5 billion revolving credit facility maturing August 29, 2001, were amended to allow for the merger of CBS with and into the Company. On May 3, 2000, Infinity entered into two new credit facilities, totaling \$1.95 billion, comprised of a \$1.45 billion 5-year revolving credit facility and a \$500 million 364-day revolving credit facility.

On March 7, 2001, the Company cancelled all of the above-mentioned credit agreements other than the Infinity \$1.45 billion facility, and entered into two new credit facilities. These two new facilities totaled \$3.5 billion and were comprised of a \$1.5 billion 5-year revolving credit facility and a \$2.0 billion 364-day revolving credit facility. The Company also amended and restated the Infinity \$1.45 billion facility. The terms and conditions were substantially conformed to the \$1.5 billion 5-year revolving credit facility, and the Company was designated as the borrower. As of December 31, 2001, the Company had unused revolving credit facilities of \$4.85 billion in the aggregate. The \$2.0 billion facility was to expire in 2002, and the \$1.5 billion and \$1.45 billion facilities in 2005 and 2006, respectively. On March 5, 2002, the Company entered into a new \$1.8 billion 364-day facility to replace the \$2.0 billion facility which was to expire on March 6, 2002. The \$1.8 billion facility expires in March 2003.

The primary purpose of the facilities is to support commercial paper borrowings. The Company, at its option, may borrow in certain foreign currencies up to specified limits under the \$1.5 billion 5-year revolving credit facility. Borrowing rates under the facilities are determined at the time of each borrowing and are based generally on the London Interbank Offer Rate ("LIBOR") plus a margin based on the Company's senior unsecured debt rating. At December 31, 2001, LIBOR for borrowing periods of one month and two months were 1.87% and 1.88%, respectively. The Company pays commitment fees based on the total amount of the facility commitments. As of March 5, 2002, the amount available under the Company's revolving credit facilities totaled \$4.59 billion.

The facilities contain certain covenants which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2001, the Company was in compliance with the financial covenants.

The Company issues commercial paper under its \$4.75 billion program. Borrowings under the program have maturities of less than a year and are supported by unused revolving credit facilities. At December 31, 2001, the Company had borrowings under the program of approximately \$1.1 billion.

On January 15, 2002, the 11.375% subordinated debentures due 2009 were redeemed at a redemption price equal to 105.7% of the principal amount.

On December 3, 2001, the Company completed a consent solicitation and tender offer to purchase for cash substantially all of the outstanding 8.875% senior subordinated notes due 2007 at a redemption price equal to 107.5% of the principle amount. An extraordinary loss of \$3.9 million, net of tax, was recognized on the tender offer.

On June 29, 2001, the Company issued \$335 million of 7.25% senior notes due June 30, 2051; interest on the senior notes will be paid quarterly. Proceeds from the debt issuance were used to repay commercial paper indebtedness. The senior notes are redeemable at anytime by the Company after June 30, 2006 at their principal amount plus accrued interest.

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In 2001, the Company issued, under Rule 144A, \$800 million of 6.40% senior notes due January 30, 2006, \$1.0 billion of 6.625% senior notes due May 15, 2011; \$500 million of 7.70% senior notes due July 30, 2010, and \$750 million of 7.875% senior debentures due July 30, 2030; interest on the senior notes and debentures will be payable semi-annually. Proceeds were used to repay bank debt, including commercial paper. These notes and debentures were exchanged for registered notes and debentures. The senior debentures and the senior notes due July 30, 2010, May 15, 2011 and July 30, 2030 are redeemable at any time at their principal amount plus the applicable premium and accrued interest.

During 2001, all \$189.6 million outstanding of Infinity's 9.375% senior subordinated notes due 2006 were redeemed at a redemption price equal to 104.7% of the principal amount. On February 1, 2001, all \$60.3 million outstanding of Infinity's 9% senior subordinated notes due 2006 were redeemed at a redemption price equal to 104.5% of the principal amount.

On August 1, 2000, the Company issued \$1.15 billion of 7.70% senior notes due July 30, 2010 and \$500 million of 7.875% senior debentures due July 30, 2030; interest on the senior notes and debentures is payable semi-annually. Proceeds from the debt issuance were used to repay bank debt, including commercial paper. The senior notes and debentures are redeemable at any time at their principal amount plus the applicable premium and accrued interest.

At December 31, 2001, the Company had classified \$1.69 billion as long-term debt, reflecting its intent and ability, through the existence of unused revolving credit facilities, to refinance on a long-term basis commercial paper and other debt scheduled to mature in 2002. The Company's scheduled maturities of long-term debt at face value, excluding commercial paper and capital leases, outstanding at December 31, 2001 are as follows:

	Year of Maturity					
	2002	2003	2004	2005	2006	2007 & thereafter
Long-term debt	\$ 582.6	\$ 910.0	\$ 178.9	\$ 1,472.8	\$ 800.8	\$ 5,571.9

Blockbuster Credit Agreement

On June 21, 1999, Blockbuster entered into a \$1.9 billion unsecured credit agreement (the "Blockbuster Credit Agreement") with a syndicate of banks. The Blockbuster Credit Agreement was initially comprised of a \$700 million long-term revolver due July 1, 2004; a \$600 million term loan due in quarterly installments beginning April 1, 2002 and ending July 1, 2004; and a \$600 million short-term revolver, which was paid down during 2000. The repayment of the short-term revolver permanently reduced the borrowing capacity under the Blockbuster Credit Agreement from \$1.9 billion to \$1.3 billion. Blockbuster had \$700 million of available borrowing capacity under a long-term revolver at December 31, 2001. 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, 2001 for borrowings under the Blockbuster Credit Agreement was 5.8%. A variable commitment fee based on the total leverage ratio is charged on the unused amount of the revolver (.25% at December 31, 2001).

The Blockbuster Credit Agreement contains certain restrictive covenants, which, among other things, relate to the payment of dividends, repurchase 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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minimum fixed charge coverage ratio. At December 31, 2001, Blockbuster was in compliance with all covenants under the Blockbuster Credit Agreement.

Included in the Company's scheduled maturities presented above, are Blockbuster's scheduled maturities of long-term debt outstanding, excluding commercial paper and capital leases, at December 31, 2001 as follows:

	Year of Maturity					
	2002	2003	2004	2005	2006	2007 & thereafter
Long-term debt	\$ 157.8	\$ 279.3	\$ 178.1	\$ 1.0	—	—

Accounts Receivable Securitization Programs

As of December 31, 2001, the Company had an aggregate of \$950 million 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 sheet. The Company enters into these arrangements because they provide a cost-efficient form of financing and an additional source of liquidity. Proceeds from the programs were used to reduce outstanding borrowings. The Company is required to maintain certain ratios in connection with the programs. As of December 31, 2001, the Company was in compliance with the required ratios under the receivable securitization programs.

10) 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, 2001, the carrying value of the senior debt and senior subordinated debt is \$8.9 billion and the fair value, which is estimated based on quoted market prices, is \$9.5 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 change in fair value of the non-designated contracts is 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, 2001, the swaps could be terminated by a payment of approximately \$4.5 million.

The effective portion of the change in fair value of cash flow hedges are 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.

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During December 2001, the Company entered into \$750 million notional amount swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. Of the \$750 million notional amount, \$225 million matures on January 15, 2003, \$275 million matures on September 1, 2003 and \$250 million matures on June 1, 2005, and the Company receives interest at approximately 3.2%, 3.8% and 4.5%, respectively, and pays three-month LIBOR. These fair value hedges were fully effective.

At December 31, 2001, the notional amount of the foreign exchange derivative contracts was \$268.1 million. Of this balance, \$76.6 million represents cash flow hedges used to reduce foreign exchange exposure for future production costs. The remaining \$191.5 million represents hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges.

On January 23, 2001, the Company, in connection with the acquisition of BET, assumed \$425 million cash flow swap agreements which effectively convert variable rate interest payments on commercial paper to a fixed rate. As of December 31, 2001, the notional amount outstanding was approximately \$253 million. The notional amount of swaps amortize by approximately \$78 million and \$156 million in September of 2002 and 2003, respectively, 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.

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. Outstanding letters of credit and surety bonds totaled approximately \$306 million at December 31, 2001. The Company's receivables do not represent significant concentrations of credit risk at December 31, 2001, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

11) STOCKHOLDERS' EQUITY

During 2001, the Company repurchased 24.2 million shares of its Class B Common Stock for approximately \$1.0 billion under its share repurchase programs. During 2000, the Company repurchased 10,000 shares of its Class A Common Stock and 34.2 million shares of its Class B Common Stock for approximately \$1.95 billion in the aggregate. During 1999, the Company had repurchased a total of 25,000 shares of its Class A Common Stock, 10.6 million shares of its Class B Common Stock and 1.1 million Viacom Five-Year Warrants, for approximately \$466.4 million in the aggregate.

On July 7, 1999, the Viacom Five-Year Warrants expired. The Company received proceeds of approximately \$317 million and issued approximately 9.0 million shares of its Class B Common Stock in connection with the exercise of 4.5 million warrants issued as part of the 1994 acquisition of Paramount Communications.

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") and the Blockbuster Long-Term Management Incentive Plan (the "Blockbuster Plan"). In 1999, the Company established the MTVi Long-Term Incentive Plan (the "MTVi Plan"). No options were granted under this plan during 2001. Effective February 21, 2001, as a result of the Company's acquisition of the minority interest of Infinity (see Note 3), Viacom assumed the Infinity Long-Term Incentive Plan (the "Infinity Plan") and all options outstanding as of this date were converted into Viacom options. Effective May 4, 2000, as a result of the Viacom/CBS Merger (see Note 3), Viacom assumed the CBS Long-Term Incentive Plan (the "CBS Plan") and all options outstanding as of this date were converted into Viacom options.

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Options under the Infinity Plan and CBS Plan generally vest over a three-year period and expire ten years from the date of grant. These converted options still maintain their original terms and conditions.

The Company has adopted the disclosure-only provisions of SFAS 123. In accordance with the provisions of SFAS 123, the Company applies APB Opinion No. 25 "Accounting for Stock Issued to Employees" and related interpretations in accounting for the Plans and accordingly, does not recognize compensation expense for any of the Plans because the Company typically does not issue options at exercise prices below the market value at date of grant. Had compensation expense for the Plans been determined based upon the fair value at the grant date for awards consistent with the methodology prescribed by SFAS 123, the Company's consolidated net earnings (loss) would have been \$(359.1) million or \$(0.21) per basic and diluted common share in 2001, \$(922.0) million or \$(0.75) per basic and diluted common share in 2000 and \$263.2 million or \$0.38 per basic and \$0.37 per diluted common share, in 1999. These pro forma effects may not be representative of future amounts since the estimated 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.

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 phantom shares, stock options, stock appreciation rights, restricted shares or other equity-based interests ("Awards"), 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 six year period from the date of grant and expire 10 years after the date of grant. The Company has reserved a total of 11,392 shares of Viacom Inc. Class A Common Stock and 137,471,979 shares of Viacom Inc. Class B Common Stock for exercise of stock options.

During 2000, the total aggregate number of shares of Viacom Inc. Class B Common Stock that may be issued under the 1997 plan was increased by 5,000,000 shares. In the second quarter of 2000, the Viacom Inc. 2000 Long-Term Management Incentive Plan and 2000 Stock Option Plan for outside directors was adopted. An aggregate of 100,000,000 and 1,000,000 shares of Viacom Inc. Class B Common Stock may be issued under these plans, respectively. The stock options available for future grant under the Viacom Plans are as follows:

December 31, 1999	11,726,413
December 31, 2000	107,266,077
December 31, 2001	85,653,665

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The weighted-average fair value of each option as of the grant date was \$23.71, \$27.39 and \$19.89 in 2001, 2000 and 1999, 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:

	2001	2000	1999
Expected dividend yield(a)	—	—	—
Expected stock price volatility	33.74%	32.10%	29.64%
Risk-free interest rate	5.04%	6.56%	6.11%
Expected life of options (years)	6.7	6.8	7.5

(a) The Company has not declared any cash dividends on its common stock for any of the periods presented and has no present intention of so doing.

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

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 1998	44,913,306	\$ 20.09
Granted	14,283,483	42.02
Exercised	(4,403,681)	17.19
Canceled	(814,588)	18.59
Balance at December 31, 1999	53,978,520	26.16
Granted	11,147,875	57.12
CBS stock options assumed	64,258,809	24.76
Exercised	(10,765,816)	17.42
Canceled	(1,440,083)	39.63
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

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The following table summarizes information concerning outstanding and exercisable stock options under the Viacom Plans at December 31, 2001:

Range of Exercise Price	Outstanding			Exercisable		
	Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	
\$ 0 to 9.99	7,053,070	2.35	\$ 4.71	7,053,070	\$	4.71
10 to 19.99	31,587,889	4.53	16.02	29,126,439		16.03
20 to 29.99	17,830,017	4.62	23.44	17,618,571		23.46
30 to 39.99	21,277,384	6.03	31.85	13,764,569		31.55
40 to 49.99	21,054,577	7.78	42.71	6,450,080		43.64
50 to 59.99	37,590,164	8.66	55.69	5,548,780		56.35
60 to 69.99	548,420	8.44	66.89	19,306		61.10
70 to 71.00	541,850	8.58	70.02	38,900		70.00
	137,483,371			79,619,715		

Stock options exercisable at year end:

December 31, 1999	12,647,656
December 31, 2000	72,278,110
December 31, 2001	79,619,715

Blockbuster 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 25,000,000 shares of Blockbuster class A common stock is 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. Blockbuster stock options granted in 1999 generally vest over a five-year period from the date of grant and generally expire 10 years after the date of the grant and the Blockbuster Stock options granted in 2000 and 2001 generally vest over a four-year period from the date of grant and generally expire 10 years after the date of the grant.

The weighted average fair value of each Blockbuster option as of the grant date was \$10.00, \$5.63 and \$7.98 in 2001, 2000, and 1999, 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:

	2001	2000	1999
Expected dividend yield(a)	0.3%	1.0%	0.6%
Expected stock price volatility	52.0%	45.0%	45.0%
Risk-free interest rate	5.0%	6.1%	6.2%
Expected life of options (years)	7.0	7.0	7.0

(a) Blockbuster's current intention is to pay dividends of \$.02 per share each quarter on both its class A common stock and class B common stock.

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

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 1998	—	\$ —
Granted	11,573,108	14.99
Exercised	—	—
Cancelled	(337,629)	15.00
Balance at December 31, 1999	11,235,479	14.99
Granted	4,695,235	11.04
Exercised	—	—
Cancelled	(2,235,173)	14.47
Balance at December 31, 2000	13,695,541	13.72
Granted	5,274,808	17.43
Exercised	(1,833,057)	14.18
Cancelled	(1,725,648)	14.07
Balance at December 31, 2001	15,411,644	14.90

The following table summarizes information concerning outstanding and exercisable Blockbuster stock options issued to Blockbuster employees and directors at December 31, 2001:

Range of Exercise Prices	Outstanding			Exercisable		
	Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	
\$ 11.00 to 12.00	3,605,679	8.6	\$ 11.01	798,794	\$ 11.00	
13.00 to 18.00	11,580,765	8.4	15.91	2,767,567	14.99	
24.00 to 26.00	225,200	9.9	25.38	—	—	
	15,411,644			3,566,361		

12) INCOME TAXES

U.S. and foreign earnings before income taxes are as follows:

Year Ended December 31,	2001	2000	1999
United States	\$ 597.3	\$ 165.3	\$ 656.3
Foreign	185.5	395.3	187.6

Components of the provision for income taxes on earnings before income taxes are as follows:

Year Ended December 31,	2001	2000	1999
Current:			
Federal	\$ 481.2	\$ 553.1	\$ 167.4
State and local	180.7	209.8	21.3
Foreign	77.5	47.1	35.3
	739.4	810.0	224.0
Deferred	183.1	(80.2)	187.4
	\$ 922.5	\$ 729.8	\$ 411.4
Provision for income taxes	\$ 922.5	\$ 729.8	\$ 411.4

The equity losses of affiliated companies are shown net of tax on the Company's Consolidated Statements of Operations. The tax benefit relating to losses from equity investments in 2001, 2000 and 1999 are \$21.2 million, \$20.5 million and \$17.7 million, respectively, which represents an effective tax rate of 14.3%, 14.2% and 22.6%, respectively.

For 2000, the cumulative effect of change in accounting principle of \$452.3 million is presented net of a tax benefit of \$301.6 million.

The difference between the effective tax rates and the statutory U.S. federal tax rate of 35% is principally due to the effect of non-deductible goodwill amortization, state and local taxes and foreign income taxed below statutory U.S. rates. In 2001 and 2000, respectively, \$141.8 million and \$218.8 million of income tax benefit was recorded as a component of stockholders' equity 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,	2001	2000	1999
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
Amortization of intangibles	91.3	81.1	15.7
State and local taxes, net of federal tax benefit	7.3	7.3	3.7
Realization of additional stock basis	(11.5)	—	—
Nontaxable gain on like-kind exchange	(10.3)	—	—
Effect of foreign operations	(1.3)	(17.7)	(9.3)
Merger-related costs and non-deductible expenses	—	19.5	—
Other, net	7.3	5.0	3.7
Effective tax rate on earnings before income taxes	117.8%	130.2%	48.8%

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

At December 31,	2001	2000
Deferred tax assets:		
Provision for expense and losses	\$ 1,380.6	\$ 1,854.5
Postretirement and other employee benefits	584.8	586.5
Tax credit and loss carryforwards	485.2	485.6
Total deferred tax assets	2,450.6	2,926.6
Valuation allowance	(136.0)	(172.1)
Net deferred tax assets	2,314.6	2,754.5

Deferred tax liabilities:		
Property, equipment and intangible assets	(2,506.8)	(2,522.0)
Lease portfolio	(384.0)	(422.2)
Other	(384.0)	(612.1)
<hr/>		
Total deferred tax liabilities	(3,274.8)	(3,556.3)
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Deferred income taxes, net liability	\$ (960.2)	\$ (801.8)
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At December 31, 2001 and 2000, the Company had a net current deferred tax asset of \$359.7 million and \$336.3 million, and non-current deferred income tax liabilities of \$1.1 billion and \$931.5 million, respectively. The Company has included in "Other liabilities," in 2001 and 2000 respectively, non-current deferred income tax liabilities of \$188.7 million and \$206.6 million, for its retained liabilities of discontinued businesses.

At December 31, 2001, the Company had net operating loss carryforwards for federal, state and local and foreign jurisdiction of approximately \$857 million, which expire in various years from 2002 through 2016. In addition, the Company had alternative minimum tax credit carryforwards of \$95 million that have no expiration dates and foreign tax credit carryforwards of \$92 million that expire through 2005.

The 2001 and 2000 deferred tax assets are reduced by a valuation allowance of \$136.0 million and \$172.1 million, respectively, principally relating to tax benefits of net operating losses which are not expected to be recognized.

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 \$1.6 billion at December 31, 2001 and December 31, 2000. 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 reinvest these earnings outside the U.S. indefinitely and it is not practicable to estimate the amount of such taxes.

13) PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company and certain of its subsidiaries have non-contributory pension plans covering specific groups of employees. The benefits for these plans are based primarily on an employee's years of service and pay near retirement. Participant 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. Plan assets consist principally of common stocks, marketable bonds and U.S.

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government securities. The Company's Class B Common Stock represents approximately 8.3% and 8.0% of the plan assets' fair value at December 31, 2001 and 2000, 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 who are eligible for these benefits if they meet certain age and service requirements. The plans are contributory and contain cost-sharing features such as deductibles and coinsurance which are adjusted annually. The plans are partially funded, however the Company funds most of these benefits as claims are paid.

The significant changes in the components of the benefit obligation plan assets and the net periodic cost in 2000 were due primarily to the Viacom/CBS Merger.

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

At December 31,	Pension Benefits		Postretirement Benefits	
	2001	2000	2001	2000
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ 4,984.3	\$ 795.2	\$ 1,120.2	\$ 51.1
Service cost	49.7	38.5	2.4	2.1
Interest cost	364.6	278.9	82.7	59.3
Actuarial loss (gain)	254.2	(14.8)	78.3	(1.2)
Benefits paid	(549.3)	(356.5)	(96.2)	(79.6)
Business combinations	3.6	4,238.7	—	1,092.0
Participants' contributions	—	.5	2.7	2.9
Amendments	2.5	1.5	—	(6.4)
Cumulative translation adjustments	(9.9)	(3.0)	—	—
Special termination benefits	—	5.3	—	—
<hr/>				
Benefit obligation, end of year	\$ 5,099.7	\$ 4,984.3	\$ 1,190.1	\$ 1,120.2
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The following table sets forth the change in plan assets for the Company's benefit plans:

At December 31,	Pension Benefits		Postretirement Benefits	
	2001	2000	2001	2000
Change in plan assets:				
Fair value of plan assets, beginning of year	\$ 4,891.2	\$ 973.8	\$ 46.4	\$ —
Actual return on plan assets	190.3	160.6	5.5	1.3
Employer contributions	42.1	34.8	85.6	75.7
Benefits paid	(549.3)	(356.5)	(96.2)	(79.6)
Business combinations	4.3	4,082.4	—	46.1
Participants' contributions	—	.5	2.7	2.9
Cumulative translation adjustments	(12.6)	(4.4)	—	—
Fair value of plan assets, end of year	\$ 4,566.0	\$ 4,891.2	\$ 44.0	\$ 46.4

For those pension plans with accumulated benefit obligations in excess of plan assets, the projected benefit obligations and accumulated benefit obligations were \$1,308.9 million and \$1,207.9 million,

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respectively, for 2001 and \$511.9 million and \$474.5 million, respectively, for 2000. The fair value of such plan assets was \$716.6 million for 2001 and \$4.7 million for 2000.

The accrued pension and postretirement costs recognized in the Company's consolidated balance sheet are computed as follows:

At December 31,	Pension Benefits		Postretirement Benefits	
	2001	2000	2001	2000
Funded status	\$ (533.7)	\$ (93.1)	\$ (1,146.1)	\$ (1,073.8)
Unrecognized transition obligation	.1	(1.1)	—	—
Unrecognized prior service cost (benefit)	11.2	10.4	(9.4)	(10.5)
Unrecognized actuarial loss (gain)	264.3	(192.4)	60.3	(16.2)
Accrued pension liability, net	\$ (258.1)	\$ (276.2)	\$ (1,095.2)	\$ (1,100.5)
Amounts recognized in the Consolidated Balance Sheets:				
Accrued pension liability	\$ (548.5)	\$ (536.3)	\$ (1,095.2)	\$ (1,100.5)
Prepaid benefits cost	266.4	239.1	—	—
Intangibles	4.1	1.9	—	—
Accumulated other comprehensive pre-tax loss	19.9	19.1	—	—
Net liability recognized	\$ (258.1)	\$ (276.2)	\$ (1,095.2)	\$ (1,100.5)

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

At December 31,	Pension Benefits			Postretirement Benefits		
	2001	2000	1999	2001	2000	1999
Components of net periodic cost:						
Service cost	\$ 49.7	\$ 38.5	\$ 33.7	\$ 2.4	\$ 2.1	\$.7
Interest cost	364.6	278.9	61.5	82.7	59.3	3.7
Expected return on plan assets	(388.6)	(301.8)	(79.4)	(3.7)	(2.2)	—
Amortization of transition obligation	(1.1)	(1.1)	(.2)	—	—	—
Amortization of prior service cost	1.9	1.9	1.6	(1.1)	(.6)	(.7)
Recognized actuarial (gain) loss	(.1)	(17.0)	1.1	(.1)	(1.2)	(.7)
Curtailed gain	—	—	(7.1)	—	—	—
Special termination benefits	—	1.7	3.6	—	—	—

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The following weighted average assumptions were used in accounting for the pension plans:

	2001	2000	1999
Discount rate	7.21%	7.71%	8.0%
Expected return on plan assets	8.3%	8.3%	9.5%
Rate of increase in future compensation	4.5%	5.0%	5.0%

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

	2001	2000	1999
Discount rate	7.25%	7.75%	8.0%
Projected health care cost trend rate	7.5%	8.0%	5.5%
Ultimate trend rate	5.3%	5.8%	5.5%
Year ultimate trend rate is achieved	2009	2008	1999

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	\$ 41.1	\$ (38.0)

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 \$38.8 million (2001) and \$32.3 million (2000).

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 \$50.4 million, \$35.8 million and \$16.5 million for the years ended December 31, 2001, 2000 and 1999.

14) COMMITMENTS AND CONTINGENCIES

The Company has long-term noncancelable operating lease commitments for retail and office space and equipment, transponders, studio facilities and vehicles. The Company has also entered into capital leases for satellite transponders and buildings.

Infinity's outdoor advertising business has franchise rights entitling it to display advertising on such media as buses, taxis, trains, bus shelters, terminals, billboards, and phone kiosks. 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.

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At December 31, 2001, minimum rental payments under noncancelable leases and minimum franchise payments are as follows:

	Leases		Guaranteed Minimum Franchise Payments
	Capital	Operating	
2002	\$ 172.6	\$ 833.5	\$ 341.3
2003	112.2	753.9	301.5
2004	76.5	633.4	271.4
2005	62.5	517.0	223.9
2006	49.8	415.3	130.5
2007 and thereafter	88.8	1,861.2	237.3

Total minimum lease payments	562.4	\$	5,014.3	\$	1,505.9
Less amounts representing interest	110.4				
Present value of net minimum payments	\$	452.0			

Future minimum capital lease payments have not been reduced by future minimum sublease rentals of \$14.4 million. Future minimum operating lease payments have been reduced by future minimum sublease income of \$100.3 million. Rent expense amounted to \$997.4 million (2001), \$838.2 million (2000) and \$601.7 million (1999). The increase in rent in 2001 was principally driven by the Infinity segment as the expense reflects a full year of rent in 2001 versus eight months in 2000 resulting from the Viacom/CBS Merger in May 2000. Additionally, the subsequent acquisitions of two outdoor companies during the second quarter of 2000 contributed to the increase.

Other commitments of the Company, estimated to aggregate approximately \$15.2 billion, are not reflected in the balance sheet as of December 31, 2001. These commitments include approximately \$10.3 billion for the acquisition of sports programming rights, approximately \$3.9 billion relating to television and feature film production and acquisitions and approximately \$1.0 billion for talent contracts. A majority of such fees are payable over several years, as part of the normal course of business.

Legal Matters

Antitrust. The Company, Blockbuster and Paramount Home Entertainment are among the defendants in a lawsuit filed on July 21, 1999 in the United States District Court for the Western District of Texas by one former and three present independent video retailers against the major motion picture studios and the Company. The plaintiffs, purporting to act as class representatives on behalf of themselves and all others similarly situated, alleged that the Company and the studios conspired among themselves and with Blockbuster to restrain competition in the nationwide market for distribution of videocassettes for rental to the public in violation of federal and California law. Plaintiffs sought injunctive relief under federal law as well as triple the amount of the alleged actual damages to themselves and those similarly situated under California statutes. In January 2001, plaintiffs moved to withdraw their California state law claims from the federal lawsuit in Texas and filed a substantially similar complaint with approximately 200 additional named plaintiffs in Superior Court for the County of Los Angeles. This complaint also sought certification of a nationwide class of similarly situated plaintiffs. In March 2001, the Texas court denied the plaintiffs' motion for class certification of both the federal and the California state law claims in the federal action and denied the plaintiffs' motion to withdraw their California state law claims from that action. On January 8, 2002, the California court also denied plaintiffs' motion for class certification. The Company

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believes that the plaintiffs' position in these litigations is without merit and intends to defend itself vigorously in the litigations.

Asbestos and Environmental. The Company is a defendant in lawsuits claiming various asbestos-related personal injuries, 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 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. As of December 31, 2001, the Company had pending approximately 106,000 asbestos claims, as compared to approximately 100,000 as of December 31, 2000 and 121,000 as of December 31, 1999. Of the claims pending as of December 31, 2001, approximately 75,000 were pending in state courts, 22,000 in federal court and approximately 9,000 were third party claims. During 2001, the Company received approximately 60,000 new claims and closed approximately the same number of 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 in 2001 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits, were approximately \$21 million. A portion of such costs relates to claims settled in prior years.

The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities.

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.

Other. The Company has amounts owed by an international licensee under a series of long-term licensing arrangements covering feature film and television product. The licensee is disputing its obligation to accept and to pay for a portion of this product under certain of these arrangements. The Company has brought suit to enforce its rights under those arrangements and strongly believes in the merits of its position. In the event of the licensee's bankruptcy, the Company may be unable to recover some or all of amounts being sought in the litigation, as well as the undisputed sums owing under these arrangements. The Company however, believes that the resolution of such matters will not have a material adverse effect on the Company's consolidated results of operations.

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 the above-described legal matters are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

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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. Effective January 1, 2001, the Company operated its online businesses under the Cable Networks and Television segments and accordingly, the online businesses are presented as part of these respective segments. Prior period information for the Company has been reclassified to conform to the new presentation. The Company operates six reportable segments:

Cable Networks—Basic cable and premium subscription television program services.

Television—Television networks and stations; and production and distribution of television programming.

Infinity—Radio stations and outdoor advertising properties.

Entertainment—Production and distribution of motion pictures; as well as the operation of movie theaters, theme parks and music publishing.

Video—Home videocassette, DVD and video game rental and retail operations.

Publishing—Consumer publishing (will be reported as part of the Entertainment segment effective January 1, 2002).

The accounting policies of the segments are the same as those described in Note 1—Description of Business and Summary of Significant Accounting Policies. Intercompany revenues are recorded at fair market value as if the sales were to third parties and are eliminated in consolidation. The 2001 intercompany revenue elimination was principally associated with the Entertainment, Television and Cable segments and were \$407.8 million, \$296.4 million and \$77.1 million, respectively. Intercompany profit eliminations are principally comprised of television programming sales to Cable Networks and the sale of feature films to cable and broadcast networks and the Video segment. The 2000 and 1999 intersegment revenues were primarily from the Entertainment Segment of \$374.0 million and \$248.4 million, respectively.

The Company evaluates performance based on many factors; one of the primary measures is EBITDA (defined as operating income (loss) before depreciation and amortization, principally of goodwill related to business combinations). The Company believes that EBITDA is an appropriate measure of evaluating the operating performance of its segments. However, EBITDA should be considered in addition to, not as a substitute for or superior to, operating income, net earnings, cash flows, and other measures of financial performance prepared in accordance with generally accepted accounting principles ("GAAP"). As EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similarly titled measures employed by other companies.

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Year ended December 31,	2001	2000	1999
Revenues:			
Cable Networks	\$ 4,297.6	\$ 3,951.0	\$ 3,075.3
Television	7,247.7	5,426.4	2,352.0
Infinity	3,670.2	2,764.7	—
Entertainment	2,950.2	2,758.3	2,665.9
Video	5,156.7	4,960.1	4,463.5
Publishing	648.7	596.0	610.7
Intercompany eliminations	(748.3)	(412.8)	(308.6)
Total Revenues	\$ 23,222.8	\$ 20,043.7	\$ 12,858.8
EBITDA:			
Cable Networks	\$ 1,682.0	\$ 1,373.3	\$ 1,004.7
Television	1,188.5	919.1	271.5
Infinity	1,517.7	1,282.6	—
Entertainment	316.7	368.8	378.3
Video	204.1	534.8	520.3
Publishing	65.1	71.3	74.0
Segment total	4,974.1	4,549.9	2,248.8
Reconciliation to Operating Income:			
Corporate expenses/eliminations	(339.7)	(928.0)	(156.8)
Residual costs of discontinued operations(a)	(87.2)	(77.5)	—
Depreciation and amortization	(3,087.0)	(2,223.5)	(844.7)
Total Operating Income	\$ 1,460.2	\$ 1,320.9	\$ 1,247.3
Year ended December 31,	2001	2000	1999

Depreciation and Amortization

Cable Networks	\$	447.1	\$	299.8	\$	136.8
Television		786.4		568.1		128.1
Infinity		1,225.8		693.2		—
Entertainment		158.5		159.1		147.2
Video		423.7		459.1		392.4
Publishing		24.3		21.7		19.7
Segment total		3,065.8		2,201.0		824.2
Corporate		21.2		22.5		20.5
Total Depreciation and Amortization	\$	3,087.0	\$	2,223.5	\$	844.7

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

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At December 31,	2001	2000	1999
Total Assets:			
Cable Networks	\$ 11,318.3	\$ 8,077.7	\$ 3,300.2
Television	25,202.5	25,417.9	4,744.2
Infinity	39,833.0	33,689.7	—
Entertainment	4,921.5	4,853.9	5,899.5
Video	7,642.8	8,385.1	8,475.6
Publishing	943.7	954.1	948.1
Segment total	89,861.8	81,378.4	23,367.6
Corporate	948.1	1,267.7	1,118.8
Total Assets	\$ 90,809.9	\$ 82,646.1	\$ 24,486.4

Year Ended December 31,	2001	2000	1999
Capital Expenditures:			
Cable Networks	\$ 139.9	\$ 158.1	\$ 106.2
Television	120.2	116.1	51.3
Infinity	99.3	72.0	—
Entertainment	48.5	87.9	134.3
Video	93.1	212.1	384.9
Publishing	6.4	6.0	8.7
Segment total	507.4	652.2	685.4
Corporate	8.0	6.8	20.8
Total Capital Expenditures	\$ 515.4	\$ 659.0	\$ 706.2

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

Year Ended or At December 31,	2001	2000	1999
Revenues(a):			
United States	\$ 19,466.5	\$ 16,428.3	\$ 10,207.0
International	3,756.3	3,615.4	2,651.8
Total Revenues	\$ 23,222.8	\$ 20,043.7	\$ 12,858.8
Long-lived Assets(b):			
United States	\$ 80,930.9	\$ 71,979.5	\$ 17,675.6
International	2,672.6	2,834.2	1,401.3

Intercompany transactions between geographic areas are not significant.

- (a) Revenue classifications are based on customers' locations.
- (b) Reflects total assets less current assets and non-current deferred tax assets.

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16) OTHER ITEMS, NET

In 2001, "Other items, net" of \$254.7 million principally reflects 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 related to the Company's investments of approximately \$125.0 million. These one-time pre-tax gains were partially offset by foreign exchange losses of \$8.2 million and loss from the sale of assets of \$22.8 million. Additionally, 2001 reflects an impairment loss of \$46.6 million related to the purchase of two television stations. In 2000, "Other items, net" of \$8.8 million principally reflected foreign exchange gains of \$31.7 million and net gains of approximately \$44.3 million on the sale of assets which were mostly offset by write-down of several internet cost investments to their market value of approximately \$66.9 million. In 1999, "Other items, net" of \$17.8 million principally reflects a \$25.2 million foreign exchange gain and net gain of \$17.1 million from the sale of land, property and equipment, partially offset by losses associated with securitizing trade receivables.

17) EXTRAORDINARY LOSS, NET OF TAX

For the year ended December 31, 2001, the Company recognized an extraordinary loss of \$3.9 million, net of tax benefits of \$2.6 million, on the early extinguishment of debt. The extraordinary loss is not significant and therefore did not impact basic and diluted earnings per share. In 1999, the Company recognized after-tax extraordinary losses on the early extinguishment of debt of \$37.7 million, or a loss of \$.06 per basic and diluted share.

18) SUPPLEMENTAL CASH FLOW INFORMATION

Year Ended December 31,	2001	2000	1999
Cash paid for interest, net of amounts capitalized	\$ 825.8	\$ 651.4	\$ 445.6
Cash paid for income taxes	\$ 430.3	\$ 61.2	\$ 615.8
Supplemental schedule of non-cash investing and financing activities:			
Equipment acquired under capitalized leases	\$ 55.0	\$ 72.9	\$ 223.4
Fair value of assets acquired	\$ 11,355.9	\$ 61,910.3	\$ 463.2
Fair value of liabilities assumed	(329.4)	(14,849.3)	(.8)
Minority interest	5,749.4	(5,712.1)	(150.0)
Cash paid, net of cash acquired	(886.1)	(2,380.0)	(312.4)
Impact on stockholders' equity	\$ 15,889.8	\$ 38,968.9	\$ —

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19) QUARTERLY FINANCIAL DATA (unaudited quarterly data):

2001	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenues	\$ 5,752.2	\$ 5,716.9	\$ 5,713.8	\$ 6,039.9	\$ 23,222.8
Operating income	\$ 403.7	\$ 585.8	\$ 193.7	\$ 277.0	\$ 1,460.2
Net earnings (loss) before extraordinary loss and cumulative effect of change in accounting principle	\$ (7.3)	\$ 16.7	\$ (190.4)	\$ (38.6)	\$ (219.6)
Net earnings (loss)	\$ (7.3)	\$ 16.7	\$ (190.4)	\$ (42.5)	\$ (223.5)
Net earnings (loss) attributable to common stock	\$ (7.3)	\$ 16.7	\$ (190.4)	\$ (42.5)	\$ (223.5)
Basic and diluted earnings per common share:					
Earnings (loss) before extraordinary loss and cumulative effect of change in accounting principle	\$ —	\$.01	\$ (.11)	\$ (.02)	\$ (.13)
Net earnings (loss)	\$ —	\$.01	\$ (.11)	\$ (.02)	\$ (.13)
Weighted average number of common shares outstanding:					
Basic	1,628.4	1,768.6	1,768.0	1,759.7	1,731.6
Diluted	1,628.4	1,800.2	1,768.0	1,759.7	1,731.6

Revenues (2)	\$	3,025.8	\$	4,850.9(1)	\$	5,810.8(1)	\$	6,356.2(1)	\$	20,043.7(1)
Operating income (3) (4)	\$	240.4	\$	(278.2)	\$	759.9	\$	598.8	\$	1,320.9
Net earnings before extraordinary loss and cumulative effect of change in accounting principle (4)	\$	68.0	\$	(495.6)	\$	33.4	\$	30.4	\$	(363.8)
Net earnings (4)	\$	(384.3)	\$	(495.6)	\$	33.4	\$	30.4	\$	(816.1)
Net earnings attributable to common stock (4)	\$	(384.3)	\$	(495.6)	\$	33.4	\$	30.4	\$	(816.1)
Basic earnings per common share:										
Earnings before extraordinary loss and cumulative effect of change in accounting principle	\$	.10	\$	(.41)	\$	.02	\$	.02	\$	(.30)
Net earnings	\$	(.55)	\$	(.41)	\$	.02	\$	.02	\$	(.67)
Diluted earnings per common share:										
Earnings (loss) before extraordinary loss and cumulative effect of change in accounting principle	\$	.10	\$	(.41)	\$	.02	\$	.02	\$	(.30)
Net earnings	\$	(.54)	\$	(.41)	\$	.02	\$	.02	\$	(.67)
Weighted average number of common shares outstanding:										
Basic		694.8		1,207.6		1,503.7		1,498.2		1,225.3
Diluted		711.5		1,207.6		1,544.5		1,531.1		1,225.3

- (1) Includes financial information for CBS from the date of its merger with and into Viacom on May 4, 2000. Accordingly, operating results are not necessarily comparable on a year-to-year basis.
- (2) Revenues have been restated based on the guidelines set forth in SAB 101, "Revenue Recognition in Financial Statements".
- (3) The second quarter of 2000 included merger-related charges of \$698 million (\$505 million after-tax or \$.41 per share) related to the Viacom/CBS Merger and the acquisition of the remaining 50% interest in UPN that the Company did not already own.
- (4) The first quarter of 2000 included a pre-tax non-cash of \$753.9 million (\$452.3 million after-tax or \$.37 per share) related to the Company's early adoption of SOP 00-2. This charge was reflected as a cumulative effect of a change in accounting principle, effective January 1, 2000. Under SOP 00-2, for the three months ended March 31, 2000, the Company recognized additional operating expenses of \$14.6 million (\$8.0 million after-tax).

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20) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International is a wholly owned subsidiary of the Company. The Company has fully and unconditionally guaranteed Viacom International debt securities (See Note 9). The following condensed consolidating financial statements present the results of operations, financial position and cash flows of the Company, Viacom International, the direct and indirect Non-Guarantor Affiliates of the Company, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

	Year Ended December 31, 2001				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	\$ 321.8	\$ 2,502.5	\$ 20,725.2	\$ (326.7)	\$ 23,222.8
Expenses:					
Operating	137.0	788.0	13,391.4	(179.4)	14,137.0
Selling, general and administrative	137.5	706.3	3,575.4	—	4,419.2
Restructuring charges	—	66.6	52.8	—	119.4
Depreciation and amortization	17.1	190.1	2,879.8	—	3,087.0
Total expenses	291.6	1,751.0	19,899.4	(179.4)	21,762.6
Operating income	30.2	751.5	825.8	(147.3)	1,460.2
Interest expense, net	(702.3)	(21.0)	(208.8)	—	(932.1)
Other items, net	(20.4)	(5.6)	280.7	—	254.7
Earnings (loss) before income taxes	(692.5)	724.9	897.7	(147.3)	782.8
Benefit (provision) for income taxes	277.0	(319.1)	(880.4)	—	(922.5)
Equity in earnings (loss) of affiliated companies, net of tax	192.0	3.6	(134.7)	(187.9)	(127.0)
Minority interest, net of tax	—	10.6	36.5	—	47.1
Net earnings (loss) before extraordinary items	(223.5)	420.0	(80.9)	(335.2)	(219.6)
Extraordinary loss, net of tax	—	—	(3.9)	—	(3.9)

Net earnings (loss) \$ (223.5) \$ 420.0 \$ (84.8) \$ (335.2) \$ (223.5)

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Year Ended December 31, 2000

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	\$ 271.7	\$ 2,520.2	\$ 17,264.4	\$ (12.6)	20,043.7
Expenses:					
Operating	107.4	813.5	10,766.2	20.0	11,707.1
Selling, general and administrative	122.5	892.6	3,078.6	—	4,093.7
Merger-related charges	—	650.0	48.5	—	698.5
Depreciation and amortization	14.6	149.6	2,059.3	—	2,223.5
Total expenses	244.5	2,505.7	15,952.6	20.0	18,722.8
Operating income	27.2	14.5	1,311.8	(32.6)	1,320.9
Interest income (expense), net	(598.9)	67.4	(237.6)	—	(769.1)
Other items, net	(19.4)	26.7	1.5	—	8.8
Earnings (loss) before income taxes	(591.1)	108.6	1,075.7	(32.6)	560.6
Benefit (provision) for income taxes	236.5	(154.6)	(811.7)	—	(729.8)
Equity in loss of affiliated companies, net of tax	(461.5)	(463.0)	(158.2)	958.5	(124.2)
Minority interest, net of tax	—	20.1	(90.5)	—	(70.4)
Net earnings (loss) before cumulative effect of change in accounting principle	(816.1)	(488.9)	15.3	925.9	(363.8)
Cumulative effect of change in accounting principle, net of tax	—	—	(452.3)	—	(452.3)
Net loss	\$ (816.1)	\$ (488.9)	\$ (437.0)	\$ 925.9	\$ (816.1)

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Year Ended December 31, 1999

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	\$ 35.4	\$ 2,164.6	\$ 10,709.5	\$ (50.7)	12,858.8
Expenses:					
Operating	30.5	706.3	7,680.8	(79.7)	8,337.9
Selling, general and administrative	3.0	783.2	1,572.4	—	2,358.6
Restructuring charge	—	—	70.3	—	70.3
Depreciation and amortization	4.6	105.4	734.7	—	844.7
Total expenses	38.1	1,594.9	10,058.2	(79.7)	11,611.5
Operating income (loss)	(2.7)	569.7	651.3	29.0	1,247.3
Interest income (expense), net	(361.3)	77.4	(137.3)	—	(421.2)
Other items, net	(24.8)	28.0	14.6	—	17.8
Earnings (loss) before income taxes	(388.8)	675.1	528.6	29.0	843.9
Benefit (provision) for income taxes	159.5	(276.8)	(294.1)	—	(411.4)
Equity in earnings (loss) of affiliated companies, net of tax	600.7	199.9	(82.1)	(779.2)	(60.7)
Minority interest, net of tax	—	2.8	(2.9)	—	(.1)
Earnings before extraordinary loss	371.4	601.0	149.5	(750.2)	371.7
Extraordinary loss, net of tax	(37.4)	(.3)	—	—	(37.7)
Net earnings	334.0	600.7	149.5	(750.2)	334.0
Cumulative convertible preferred stock dividend requirement	(.4)	—	—	—	(.4)
Premium on repurchase of preferred stock	(12.0)	—	—	—	(12.0)

Net earnings attributable to common stock \$ 321.6 \$ 600.7 \$ 149.5 \$ (750.2) \$ 321.6

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At December 31, 2001

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	\$ 367.7	\$ 2.7	\$ 357.0	\$ —	727.4
Receivables, net	79.3	474.2	3,341.5	(313.2)	3,581.8
Inventory	9.9	268.7	1,090.8	—	1,369.4
Other current assets	80.5	357.5	1,089.8	—	1,527.8
Total current assets	537.4	1,103.1	5,879.1	(313.2)	7,206.4
Property and equipment	116.5	1,030.4	8,218.0	—	9,364.9
Less accumulated depreciation and amortization	42.1	368.0	2,619.6	—	3,029.7
Net property and equipment	74.4	662.4	5,598.4	—	6,335.2
Inventory	10.2	617.1	3,418.2	(160.6)	3,884.9
Intangibles, at amortized cost	258.0	54.4	70,677.7	—	70,990.1
Investments in consolidated subsidiaries	65,837.7	14,734.4	—	(80,572.1)	—
Other assets	117.5	1,018.6	1,605.4	(348.2)	2,393.3
Total Assets	\$ 66,835.2	\$ 18,190.0	\$ 87,178.8	\$ (81,394.1)	90,809.9
Liabilities and Stockholders' Equity					
Accounts payable	\$ —	\$ 58.4	\$ 969.1	\$ (82.5)	945.0
Accrued expenses and other	(12.7)	1,622.5	3,614.0	(215.5)	5,008.3
Accrued participations	—	12.8	1,322.1	(25.5)	1,309.4
Current portion of long-term debt	—	13.0	286.0	—	299.0
Total current liabilities	(12.7)	1,706.7	6,191.2	(323.5)	7,561.7
Long-term debt	9,332.1	717.2	823.4	(49.0)	10,823.7
Other liabilities	(9,449.0)	3,412.3	10,921.5	3,611.1	8,495.9
Minority interest	—	149.1	1,062.7	—	1,211.8
Stockholders' Equity:					
Preferred Stock	—	106.1	20.4	(126.5)	—
Common Stock	18.4	188.5	734.3	(922.8)	18.4
Additional paid-in capital	64,980.6	6,536.8	68,182.0	(74,718.8)	64,980.6
Retained earnings (deficit)	5,299.5	5,352.8	(581.6)	(8,862.4)	1,208.3
Accumulated other comprehensive income (loss)	4.1	20.5	(175.1)	(2.2)	(152.7)
Less treasury stock, at cost	70,302.6	12,204.7	68,180.0	(84,632.7)	66,054.6
	3,337.8	—	—	—	3,337.8
Total stockholders' equity	66,964.8	12,204.7	68,180.0	(84,632.7)	62,716.8
Total Liabilities and Stockholders' Equity	\$ 66,835.2	\$ 18,190.0	\$ 87,178.8	\$ (81,394.1)	90,809.9

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At December 31, 2000

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	\$ 192.8	\$ 326.5	\$ 415.2	\$ —	934.5
Receivables, net	89.3	456.0	3,661.3	(242.5)	3,964.1
Inventory	11.3	259.9	1,130.8	—	1,402.0
Other current assets	355.1	425.5	789.3	(38.1)	1,531.8

Total current assets	648.5	1,467.9	5,996.6	(280.6)	7,832.4
Property and equipment	170.0	744.8	8,070.9	—	8,985.7
Less accumulated depreciation and amortization	14.2	319.9	2,049.8	—	2,383.9
Net property and equipment	155.8	424.9	6,021.1	—	6,601.8
Inventory	—	518.6	3,132.1	(17.8)	3,632.9
Intangibles, at amortized cost	264.9	636.4	61,102.8	—	62,004.1
Investments in consolidated subsidiaries	49,331.0	14,898.9	—	(64,229.9)	—
Other assets	198.2	695.1	1,813.0	(131.4)	2,574.9
Total Assets	\$ 50,598.4	\$ 18,641.8	\$ 78,065.6	\$ (64,659.7)	\$ 82,646.1
Liabilities and Stockholders' Equity					
Accounts payable	\$ —	\$ 35.2	\$ 1,332.3	\$ (106.4)	\$ 1,261.1
Accrued expenses and other	312.3	1,515.5	3,379.3	(154.2)	5,052.9
Accrued participations	—	—	1,234.5	(14.2)	1,220.3
Current portion of long-term debt	—	10.8	213.1	—	223.9
Total current liabilities	312.3	1,561.5	6,159.2	(274.8)	7,758.2
Long-term debt	7,194.1	858.2	4,613.2	(191.7)	12,473.8
Other liabilities	(9,118.5)	3,588.9	5,908.2	7,028.4	7,407.0
Minority interest	—	158.9	6,881.3	—	7,040.2
Stockholders' Equity:					
Preferred Stock	—	106.1	20.4	(126.5)	—
Common Stock	15.9	185.7	508.8	(694.5)	15.9
Additional paid-in capital	50,729.9	7,253.4	54,621.6	(61,875.0)	50,729.9
Retained earnings (deficit)	5,523.0	4,931.1	(496.5)	(8,525.8)	1,431.8
Accumulated other comprehensive income (loss)	(.1)	(2.0)	(150.6)	.2	(152.5)
Less treasury stock, at cost	56,268.7	12,474.3	54,503.7	(71,221.6)	52,025.1
	4,058.2	—	—	—	4,058.2
Total stockholders' equity	52,210.5	12,474.3	54,503.7	(71,221.6)	47,966.9
Total Liabilities and Stockholders' Equity	\$ 50,598.4	\$ 18,641.8	\$ 78,065.6	\$ (64,659.7)	\$ 82,646.1

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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	\$ (261.7)	\$ 680.9	\$ 3,089.9	\$ —	\$ 3,509.1
Investing Activities:					
Acquisitions, net of cash acquired	(1.4)	(35.6)	(849.1)	—	(886.1)
Capital expenditures	—	(120.6)	(394.8)	—	(515.4)
Investments in and advances to affiliated companies	—	(47.8)	(22.3)	—	(70.1)
Purchases of short-term investments	—	(14.2)	—	—	(14.2)
Proceeds from sale of investments	—	3.3	58.1	—	61.4
Proceeds from dispositions	—	—	233.7	—	233.7
Other, net	—	(0.3)	0.5	—	0.2
Net cash flow used for investing activities	(1.4)	(215.2)	(973.9)	—	(1,190.5)
Financing Activities:					
Repayments to banks, including commercial paper, net	(1,093.3)	(100.0)	(2,818.7)	—	(4,012.0)
Increase (decrease) in intercompany payables	(778.0)	(642.2)	1,420.2	—	—
Proceeds from issuance of senior notes and debentures	3,417.9	—	5.8	—	3,423.7
Purchase of treasury stock	(1,066.1)	—	—	—	(1,066.1)
Repayment of notes and debentures	(225.0)	(35.3)	(656.8)	—	(917.1)
Payment on capital lease obligations	—	(12.0)	(124.3)	—	(136.3)
Proceeds from exercise of stock options	182.5	—	2.1	—	184.6
Other, net	—	—	(2.5)	—	(2.5)

Net cash flow provided by (used for) financing activities	438.0	(789.5)	(2,174.2)	—	(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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	Year Ended December 31, 2000				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	\$ (654.1)	\$ 830.5	\$ 2,146.9	— \$	2,323.3
Investing Activities:					
Acquisitions, net of cash acquired	—	—	(2,380.0)	—	(2,380.0)
Capital expenditures	(1.5)	(126.3)	(531.2)	—	(659.0)
Investments in and advances to affiliated companies	(7.3)	(57.9)	(174.0)	—	(239.2)
Purchases of short-term investments	—	(89.9)	—	—	(89.9)
Proceeds from sale of investments	—	82.1	234.5	—	316.6
Proceeds from dispositions	—	—	190.6	—	190.6
Net cash flow used for investing activities	(8.8)	(192.0)	(2,660.1)	—	(2,860.9)
Financing Activities:					
Borrowings from (repayments to) banks, including commercial paper, net	469.7	(96.2)	1,039.9	—	1,413.4
Increase (decrease) in intercompany payables	456.3	(530.3)	74.0	—	—
Proceeds from senior notes and debentures	1,606.5	—	76.4	—	1,682.9
Purchase of treasury stock	(1,945.4)	—	—	—	(1,945.4)
Repayment of notes and debentures	—	(160.6)	(171.3)	—	(331.9)
Payment on capital lease obligations	—	(10.9)	(119.7)	—	(130.6)
Purchase of treasury stock by subsidiary	—	—	(84.1)	—	(84.1)
Proceeds from exercise of stock options	187.0	—	—	—	187.0
Net cash flow provided by (used for) financing activities	774.1	(798.0)	815.2	—	791.3
Net increase (decrease) in cash and cash equivalents	111.2	(159.5)	302.0	—	253.7
Cash and cash equivalents at beginning of year	81.6	486.0	113.2	—	680.8
Cash and cash equivalents at end of year	\$ 192.8	\$ 326.5	\$ 415.2	— \$	934.5

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	Year Ended December 31, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	\$ 423.0	\$ (221.5)	\$ 92.6	— \$	294.1
Investing Activities:					
Acquisitions, net of cash acquired	(180.6)	—	(131.8)	—	(312.4)
Capital expenditures	—	(113.9)	(592.3)	—	(706.2)
Investments in and advances to affiliated companies	—	(40.3)	(121.3)	—	(161.6)
Purchases of short-term investments	—	(416.2)	—	—	(416.2)
Proceeds from sale of investments	—	410.3	—	—	410.3
Proceeds from dispositions	—	—	114.3	—	114.3
Other, net	(18.4)	(6.6)	(10.8)	—	(35.8)

Net cash flow used for investing activities	(199.0)	(166.7)	(741.9)	—	(1,107.6)
Financing Activities:					
Borrowings from banks, including commercial paper, net	999.3	—	1,185.5	—	2,184.8
Increase (decrease) in intercompany payables	232.4	722.1	(954.5)	—	—
Purchase of treasury stock and warrants	(478.8)	—	—	—	(478.8)
Repayment of notes and debentures	(1,073.8)	(1.5)	—	—	(1,075.3)
Repurchase of Preferred Stock	(611.9)	—	—	—	(611.9)
Payment on capital lease obligations	—	(35.9)	(70.6)	—	(106.5)
Net proceeds from issuance of subsidiary stock	—	—	430.7	—	430.7
Proceeds from exercise of stock options and warrants	390.8	—	—	—	390.8
Payment of Preferred Stock dividends	(7.8)	—	—	—	(7.8)
Other, net	1.0	—	—	—	1.0
Net cash flow provided by (used for) financing activities	(548.8)	684.7	591.1	—	727.0
Net increase (decrease) in cash and cash equivalents	(324.8)	296.5	(58.2)	—	(86.5)
Cash and cash equivalents at beginning of year	406.4	189.5	171.4	—	767.3
Cash and cash equivalents at end of year	\$ 81.6	\$ 486.0	\$ 113.2	\$ —	\$ 680.8

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PART III

Item 10. *Directors and Executive Officers.*

The information contained in the Viacom Inc. Proxy Statement under the captions "Information Concerning Directors and Nominees" and "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference. Information with respect to the Executive Officers of the Company is included in Part I hereof.

Item 11. *Executive Compensation.*

The information contained in the Viacom Inc. Proxy Statement under the captions "Directors' Compensation" and "Executive Compensation" is incorporated herein by reference.

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

The information contained in the Viacom Inc. Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management" is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions.*

The information contained in the Viacom Inc. Proxy Statement under the captions "Executive Compensation—Compensation Committee Interlocks and Insider Participation" and "Related Transactions" is incorporated herein by reference.

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PART IV

Item 14. *Exhibits, Financial Statement Schedules and Reports on Form 8-K.*

- (a) and (d) Financial Statements and Schedules (see Index on Page F-1)
- (b) Reports on Form 8-K
- None
- (c) Exhibits (see Index 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.

*

Director

March 29, 2002

Shari Redstone

/s/ SUMNER M. REDSTONE

Sumner M. Redstone

Director

March 29, 2002

*

Frederic V. Salerno

Director

March 29, 2002

*

William Schwartz

Director

March 29, 2002

*

Ivan Seidenberg

Director

March 29, 2002

*

Patty Stonesifer

Director

March 29, 2002

*

Robert D. Walter

Director

March 29, 2002

*By:

/s/ MICHAEL D. FRICKLAS

March 29, 2002

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

**VIACOM INC. AND SUBSIDIARIES
INDEX TO EXHIBITS
ITEM 14(c)**

Exhibit No.	Description of Document	Page No.
(2)	Plan of Acquisition	
(a)	Amended and Restated Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among Viacom Inc., CBS Corporation and Viacom/CBS LLC (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-4 initially filed by Viacom Inc. on October 7, 1999) (File No. 333-88613).	
(b)	Agreement and Plan of Merger, dated as of October 30, 2000, among Viacom Inc., IBC Merger Corp. and Infinity Broadcasting Corporation (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Viacom Inc. filed on October 31, 2000) (File No. 1-9553).	
(3)	Articles of Incorporation and By-laws	
(a)	Restated Certificate of Incorporation of Viacom Inc. effective May 23, 2001 (filed herewith).	
(b)	Amended and Restated By-laws of Viacom Inc. effective May 4, 2000 (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-4 initially filed by Viacom Inc. on October 7, 1999) (File No. 333-88613).	
(4)	Instruments defining the rights of security holders, including indentures	
(a)	Specimen certificate representing the Viacom Inc. Class A Common Stock (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 initially filed by Viacom Inc. on May 19, 1987) (File No. 33-13812).	
(b)	Specimen certificate representing Viacom Inc. Class B Common Stock (incorporated by reference to Exhibit 4(a) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1990) (File No. 1-9553).	
(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. 1989 Long-Term Management Incentive Plan (as amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(a) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553).*	
(b)	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. 1-9553).*	
(c)	Viacom Inc. 1997 Long-Term Management Incentive Plan (as amended and restated through	

- (d) Viacom Inc. 2000 Long-Term Management Incentive Plan (as amended and restated through January 31, 2001) (filed herewith).*
- (e) Viacom Inc. Senior Executive Short-Term Incentive Plan (as amended and restated through May 25, 2000) (incorporated by reference to Exhibit C to Viacom Inc.'s Proxy Statement dated June 5, 2000) (File No. 1-9553).*
- (f) Viacom International Inc. Deferred Compensation Plan for Non-Employee Directors (as amended and restated through December 17, 1992) (incorporated by reference to Exhibit 10(e) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1992, as amended by Form 10-K/A Amendment No. 1 dated November 29, 1993 and as further amended by Form 10-K/A Amendment No. 2 dated December 9, 1993) (File No. 1-9553).*
- (g) Viacom Inc. and Viacom International Inc. Retirement Income Plan for Non-Employee Directors (incorporated by reference to Exhibit 10(f) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1989) (File No. 1-9553).*
- (h) 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. 1-9553).*
- (i) 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. 1-9553).*
- (j) Viacom Inc. 2000 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit D to Viacom Inc.'s Proxy Statement dated June 5, 2000) (File No. 1-9553).*
- (k) Viacom Excess 401(k) Plan (Effective April 1, 1984, Restated as of December 1, 1999, Amended Effective January 1, 2002) (incorporated by reference to Exhibit 4.3 to the Viacom Inc. Registration Statement on Form S-8 filed on December 21, 2001) (File No. 333-75752).*
- (l) Excess Pension Plan for Certain Employees of Viacom International Inc. restated as of January 1, 1996 (incorporated by reference to Exhibit 10(j) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1999) (File No. 1-9553).*
- (m) Employment Letter Agreement, dated September 6, 1999, between Viacom Inc. and Sumner M. Redstone (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 initially filed by Viacom Inc. on October 7, 1999) (File No. 333-88613).*
- (n) Employment Letter Agreement, dated September 6, 1999, between Viacom Inc. and Mel Karmazin (incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-4 initially filed by Viacom Inc. on October 7, 1999) (File No. 333-88613), as amended by the First Amendment to Employment Agreement dated December 31, 1999 (incorporated by reference to Exhibit 10(ss) to the Annual Report on Form 10-K of CBS Corporation for the fiscal year ended December 31, 1999) (File No. 1-977), and as further amended by an Agreement dated June 13, 2000 (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 2000) (File No. 1-9553).*

- (o) Agreement, dated as of January 1, 1996, between Viacom Inc. and Philippe P. Dauman (incorporated by reference to Exhibit 10(l) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1995) (File No. 1-9553), as amended by an Agreement dated August 20, 1998 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 1998) (File No. 1-9553).*
- (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. 1-9553), 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. 1-9553).*
- (q) Agreement, dated March 2001, between Viacom Inc. and Richard J. Bressler (filed herewith).*
- (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) (File No. 1-9553).*
- (s) Agreement, dated March 2, 1999, between CBS Corporation and Fredric G. Reynolds (incorporated by reference to Exhibit 10(q) to the Quarterly Report on Form 10-Q of CBS Corporation for the quarter ended March 31, 1999) (File No. 1-977).*
- (t) 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).*
- (u) 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. 1-9553).*
- (v) Agreement, dated as of May 17, 1995, between CBS Broadcasting Inc. and Leslie Moonves, as amended by an Agreement dated January 20, 1998 (incorporated by reference to Exhibit 10(v) to the Annual Report on Form 10-K of CBS Corporation for the fiscal year ended December 31, 1997) (File No. 1-977), as further amended by an Agreement dated as of July 5, 1999 (incorporated by reference to Exhibit 10(q) to the Quarterly Report on Form 10-Q of CBS Corporation for the quarter ended September 30, 1999) (File No. 1-977), and as further amended

- (w) by an Agreement dated as of May 25, 2000 (incorporated by reference to Exhibit 10(x) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000).* CBS Corporation ("CBS") plans* assumed by Viacom Inc. after the merger with CBS, consisting of the following:
- (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. 1-14599).

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- (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. 1-14599).
- (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).
- (v) Westinghouse Executive Pension Plan (As amended and restated as of July 28, 1999) (incorporated by reference to Exhibit 10.20 to the Quarterly Report on Form 10-Q of Infinity Broadcasting Corporation for the quarter ended September 30, 1999) (File No. 1-14599).
- (vi) CBS Supplemental Executive Retirement Plan (As amended as of April 1, 1999) (incorporated by reference to Exhibit 10(h) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 1-977).
- (vii) CBS Bonus Supplemental Executive Retirement Plan (As amended as of April 1, 1999) (incorporated by reference to Exhibit 10(i) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 1-977).
- (viii) CBS Supplemental Employee Investment Fund (As amended as of January 1, 1998) (incorporated by reference to Exhibit 10(j) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 1-977).
- (ix) 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. 1-977).
- (x) 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).
- (xi) 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).

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- (x) 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 (incorporated by reference to Exhibit 10.16 to the Annual Report on Form 10-K of Infinity for the fiscal year ended December 31, 1999) (File No. 1-14599).
 - (ii) Infinity Stock Plan for Directors (incorporated by reference to Exhibit 10.25 to the Annual Report on Form 10-K of Infinity for the fiscal year ended December 31, 1998) (File No. 1-14599).
- (y) 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).
- (z) Amended and Restated Five-Year Credit Agreement, dated as of May 3, 2000, as amended and restated 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; Fleet National Bank and Bank of America, N.A., as Co-Syndication Agents; and Bank of New York, as Documentation Agent (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, 2000).
- (aa) 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 (filed herewith).
- (bb) 364-Day Credit Agreement, dated as of March 5, 2002, among Viacom Inc.; Viacom International Inc.; the Subsidiary Borrowers Parties thereto; the Lenders named therein; JPMorgan Chase Bank, as Administrative Agent; Salomon Smith Barney Inc., as Syndication Agent; and Fleet National Bank and Bank of America, N.A., as Co-Documentation Agents (filed herewith).

(21)	Subsidiaries of Viacom Inc.
(23)	Consents of Experts and Counsel
(a)	Consent of PricewaterhouseCoopers LLP
(24)	Powers of Attorney

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 14(c)

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**VIACOM INC. AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND SCHEDULE**

Item 14a

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

	<u>Reference (Page/s)</u>
1. Report of Independent Accountants	II-35
2. Management's Statement of Responsibility for Financial Reporting	II-36
3. Consolidated Statements of Operations for the years ended December 31, 2001, 2000 and 1999	II-37
4. Consolidated Balance Sheets as of December 31, 2001 and 2000	II-38
5. Consolidated Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999	II-39
6. Consolidated Statements of Stockholders' Equity and Comprehensive Income for the years ended December 31, 2001, 2000 and 1999	II-40
7. Notes to Consolidated Financial Statements	II-41—II-81

Financial Statement Schedule:

II. Valuation and qualifying accounts	F-2
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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(1)	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Allowance for doubtful accounts:						
Year ended December 31, 2001	\$ 246.2	\$ —	\$ 112.3	\$ (9.3)	\$ 74.3	\$ 274.9
Year ended December 31, 2000	\$ 109.5	\$ 94.7	\$ 124.1	\$ 28.4	\$ 110.5	\$ 246.2
Year ended December 31, 1999	\$ 98.7	\$ —	\$ 33.5	\$ 8.1	\$ 30.8	\$ 109.5
Valuation allowance on deferred tax assets:						
Year ended December 31, 2001	\$ 172.1	\$ —	\$ 5.0	\$ 22.5	\$ 63.6(2)	\$ 136.0
Year ended December 31, 2000	\$ 96.0	\$ 53.0	\$ 39.0	\$ —	\$ 15.9	\$ 172.1
Year ended December 31, 1999	\$ 88.3	\$ —	\$ —	\$ 3.8	\$ (3.9)	\$ 96.0
Reserves for inventory obsolescence:						
Year ended December 31, 2001	\$ 190.8	\$ —	\$ 108.3	\$ (2.1)	\$ 214.7	\$ 82.3
Year ended December 31, 2000	\$ 33.2	\$ 196.7	\$ 59.0	\$ (1.7)	\$ 96.4	\$ 190.8
Year ended December 31, 1999	\$ 56.7	\$ —	\$ 18.5	\$ 16.8	\$ 58.8	\$ 33.2

Notes:

(1) Primarily consists of acquisition of CBS.

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

RESTATED CERTIFICATE OF INCORPORATION
OF
VIACOM INC.

(Originally incorporated on November 10, 1986 under the name Arsenal Holdings, Inc.)

ARTICLE I

NAME

The name of this Corporation is Viacom Inc.

ARTICLE II

REGISTERED OFFICE AND AGENT FOR SERVICE

The registered office of the Corporation in the State of Delaware is located at Suite 400, 2711 Centerville Road, City of Wilmington, County of New Castle. The name and address of the Corporation's registered agent for service of process in Delaware is:

Corporation Service Company
Suite 400
2711 Centerville Road
Wilmington, Delaware 19808

ARTICLE III

CORPORATE PURPOSES

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

CAPITAL STOCK

(1) SHARES, CLASSES AND SERIES AUTHORIZED.

(a) The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 10,775,000,000 shares. The classes and the aggregate number of shares of stock of each class which the Corporation shall have authority to issue are as follows:

(i) 750,000,000 shares of Class A Common Stock, \$0.01 par value ("Class A Common Stock").

(ii) 10,000,000,000 shares of Class B Common Stock, \$0.01 par value ("Class B Common Stock").

(iii) 25,000,000 shares of Preferred Stock, \$0.01 par value ("Preferred Stock").

(b) The number of authorized shares of Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote.

(2) POWERS AND RIGHTS OF THE CLASS A COMMON STOCK AND THE CLASS B COMMON STOCK.

Except as otherwise expressly provided in this Restated Certificate of Incorporation, all issued and outstanding shares of Class A Common Stock and Class B Common Stock shall be identical and shall entitle the holders thereof to the same rights and privileges.

A. VOTING RIGHTS AND POWERS. Except as otherwise provided in this Restated Certificate of Incorporation or required by law, with respect to all matters upon which stockholders are entitled to vote, the holders of the outstanding shares of Class A Common Stock shall vote together with the holders of any other outstanding shares of capital stock of the Corporation entitled to vote, without regard to class, and every holder of outstanding shares of Class A Common Stock shall be entitled to cast thereon one vote in person or by proxy

for each share of Class A Common Stock standing in his name. The holders of shares of Class A Common Stock shall have the relevant class voting rights set forth in Article IX. Except as otherwise required by law, the holders of outstanding shares of Class B Common Stock shall not be entitled to any votes upon any questions presented to stockholders of the Corporation, including but not limited to, whether to increase or decrease (but not below the number of shares then outstanding) the number of authorized shares of Class B Common Stock.

B. DIVIDENDS. Subject to the rights and preferences of the Preferred Stock set forth in this Article IV and in any resolution or resolutions providing for the issuance of such stock as set forth in Section (3) of this Article IV, the holders of Class A Common Stock and Class B Common Stock shall be entitled to receive ratably such dividends as may from time to time be declared by the Board of Directors out of funds legally available therefor.

C. DISTRIBUTION OF ASSETS UPON LIQUIDATION. In the event the Corporation shall be liquidated, dissolved or wound up, whether voluntarily or involuntarily, after there shall have been paid or set aside for the holders of all shares of the Preferred Stock then outstanding the full preferential amounts to which they are entitled under this Article IV or the resolutions, as the case may be, authorizing the issuance of such Preferred Stock, the net assets of the Corporation remaining thereafter shall be divided ratably among the holders of Class A Common Stock and Class B Common Stock.

D. SPLIT, SUBDIVISION OR COMBINATION. If the Corporation shall in any manner split, subdivide or combine the outstanding shares of Class A Common Stock or Class B Common Stock, the outstanding shares of the other class of Common Stock shall be proportionally split, subdivided or combined in the same manner and on the same basis as the outstanding shares of the other class of Common Stock have been split, subdivided or combined.

E. CONVERSION. So long as there are 10,000 shares of Class A Common Stock outstanding, each record holder of shares of Class A Common Stock and Class B Common Stock may convert any or all of such shares into an equal number of shares of Class B Common Stock by surrendering the certificates for such shares, accompanied by payment of documentary, stamp or similar issue or transfer taxes, if any, along with a written notice by such record holder to the Corporation stating that such record holder desires to convert such shares into the same number of shares of Class B Common Stock and requesting that the Corporation issue all of such Class B Common Stock to the persons named therein, setting forth the number of shares of Class B Common Stock to be issued to each such person and the denominations in which the certificates therefor are to be issued.

(3) POWERS AND RIGHTS OF THE PREFERRED STOCK.

Subject to Article XIII of this Restated Certificate of Incorporation, the Preferred Stock may be issued from time to time in one or more series, with such distinctive serial designations as may be stated or expressed in the resolution or resolutions providing for the issue of such stock adopted from time to time by the Board of Directors; and in such resolution or resolutions providing for the issuance of shares of each particular series, the Board of Directors is also expressly authorized to fix: the right to vote, if any; the consideration for which the shares of such series are to be issued; the number of shares constituting such series, which number may be increased (except as otherwise fixed by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors; the rate of dividends upon which and the times at which dividends on shares of such series shall be payable and the preference, if any, which such dividends shall have relative to dividends on shares of any other class or classes or any other series of stock of the Corporation; whether such dividends shall be cumulative or noncumulative, and, if cumulative, the date or dates from which dividends on shares of such series shall be cumulative; the rights, if any, which the holders of shares of such series shall have in the event of any voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding up of the affairs of the Corporation; the rights, if any, which the holders of shares of such series shall have to convert such shares into or exchange such shares for shares of any other class or classes or any other series of stock of the Corporation or for any debt securities of the Corporation and the terms and conditions, including, without limitation, price and rate of exchange, of such conversion or exchange; whether shares of such series shall be subject to redemption, and the redemption price or prices and other terms of redemption, if any, for shares of such series including, without limitation, a redemption price or prices payable in shares of Class A Common Stock or Class B Common Stock; the terms and amounts of any sinking fund for the purchase or redemption of shares of such series; and any and all other powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof

pertaining to shares of such series permitted by law.

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(4) ISSUANCE OF CLASS A COMMON STOCK, CLASS B COMMON STOCK AND PREFERRED STOCK.

Subject to Article XIII of this Restated Certificate of Incorporation, the Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of Class A Common Stock, Class B Common Stock and Preferred Stock herein authorized in accordance with the terms and conditions set forth in this Restated Certificate of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration, and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or other action by any of the stockholders of the Corporation, except as otherwise required by law.

ARTICLE V

DIRECTORS

(1) POWER OF THE BOARD OF DIRECTORS. Subject to Article XIII of this Restated Certificate of Incorporation, the property and business of the Corporation shall be controlled and managed by or under the direction of its Board of Directors. In furtherance, and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized, subject in all cases to Article XIII of this Restated Certificate of Incorporation:

(a) To make, alter, amend or repeal the By-Laws of the Corporation; PROVIDED that no By-Laws hereafter adopted shall invalidate any prior act of the Directors that would have been valid if such By-Laws had not been adopted;

(b) To determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to manage and direct the property, business and affairs of the Corporation, including, without limitation, the power to designate and empower committees of the Board of Directors, to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for Board meetings, as well as the manner of taking Board action; and

(c) To exercise all such powers and do all such acts as may be exercised by the Corporation, subject to the provisions of the laws of the State of Delaware, this Restated Certificate of Incorporation, and the By-Laws of the Corporation.

(2) NUMBER AND QUALIFICATIONS OF DIRECTORS. The number of directors constituting the entire Board of Directors shall be fixed from time to time by resolution of the Board of Directors but shall not be less than three nor more than twenty. Directors shall be elected to hold office for a term of one year. As used in this Restated Certificate of Incorporation, the term "entire Board of Directors" means the total number of Directors fixed in the manner provided in this Article V Section (2) and in the By-Laws.

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ARTICLE VI

INDEMNIFICATION OF DIRECTORS,
OFFICERS AND OTHERS

(1) ACTION NOT BY OR ON BEHALF OF CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent (including, without limitation, a trustee) of another corporation, partnership, joint venture, trust or other enterprise, against judgments, fines, amounts paid in settlement and expenses (including, without limitation, attorneys' fees), actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of NOLO CONTENDERE or its equivalent, shall not, of itself, create a presumption that the person did

not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(2) ACTION BY OR ON BEHALF OF CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including, without limitation, attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

(3) SUCCESSFUL DEFENSE. To the extent that a present or former Director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or 2 of this Article VI, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including, without limitation, attorneys' fees) actually and reasonably incurred by him in connection therewith.

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(4) DETERMINATION OF RIGHT TO INDEMNIFICATION IN CERTAIN CIRCUMSTANCES. Any indemnification under Section 1 or 2 of this Article VI (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or 2 of this Article VI. Such determination shall be made, with respect to a person who is a Director or officer at the time of such determination, (1) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such Directors designated by a majority vote of such Directors, even though less than a quorum, or (3) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders of the Corporation entitled to vote thereon.

(5) ADVANCE PAYMENT OF EXPENSES.

(a) Expenses (including attorneys' fees) incurred by a Director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Director or officer, to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article.

(b) Expenses (including attorneys' fees) incurred by any other employee or agent in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon such terms and conditions, if any, as the Corporation deems appropriate.

(6) NOT EXCLUSIVE. The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article VI shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any statute, by-law, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Without limiting the foregoing, the Corporation is authorized to enter into an agreement with any Director, officer, employee or agent of the Corporation providing indemnification for such person against expenses, including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement that result from any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, including, without limitation, any action by or in the right of the Corporation, that arises by reason of the fact that such person is or was a Director, officer, employee or agent of the Corporation, or is or was serving at

the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the full extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

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

(8) CERTAIN DEFINITIONS. For the purposes of this Article VI, (A) any Director, officer, employee or agent of the Corporation who shall serve as a director, officer, employee or agent of any other corporation, joint venture, trust or other enterprise of which the Corporation, directly or indirectly, is or was a stockholder or creditor, or in which the Corporation is or was in any way interested, or (B) any director, officer, employee or agent of any subsidiary corporation, joint venture, trust or other enterprise wholly owned by the Corporation, shall be deemed to be serving as such director, officer, employee or agent at the request of the Corporation, unless the Board of Directors of the Corporation shall determine otherwise. In all other instances where any person shall serve as a director, officer, employee or agent of another corporation, joint venture, trust or other enterprise of which the Corporation is or was a stockholder or creditor, or in which it is or was otherwise interested, if it is not otherwise established that such person is or was serving as such director, officer, employee or agent at the request of the Corporation, the Board of Directors of the Corporation may determine whether such service is or was at the request of the Corporation, and it shall not be necessary to show any actual or prior request for such service. For purposes of this Article VI, references to a corporation include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity. For purposes of this Article VI, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries, and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VI.

(9) The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

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ARTICLE VII

DIRECTOR LIABILITY TO THE CORPORATION

(a) A Director's liability to the Corporation for breach of duty to the Corporation or its stockholders shall be limited to the fullest extent permitted by Delaware law as now in effect or hereafter amended. In particular no Director of the Corporation shall be liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, as the same exists or hereafter may be amended, or (iv) for any transaction from which the Director derived an improper personal benefit.

(b) Any repeal or modification of the foregoing paragraph (a) by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

(c) If the General Corporation Law of the State of Delaware is amended to authorize corporate action further eliminating or limiting the liability of directors, then a director of the Corporation, in addition to the circumstances in which he is not now liable, shall be free of liability to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended.

ARTICLE VIII

RESERVATION OF RIGHT TO AMEND CERTIFICATE OF INCORPORATION

Subject to Article XIII of this Restated Certificate of Incorporation, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of this Restated Certificate of Incorporation and all rights and powers conferred in this Restated Certificate of Incorporation on stockholders, directors and officers are subject to this reserved power.

Each reference in the Restated Certificate of Incorporation to "the Restated Certificate of Incorporation," "hereunder," "hereof," or words of like import and each reference to the Restated Certificate of Incorporation set forth in any amendment to the Restated Certificate of Incorporation shall mean and be a reference to the Restated Certificate of Incorporation as supplemented and amended through such amendment to the Restated Certificate of Incorporation.

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ARTICLE IX

VOTING RIGHTS

(1) CLASS A COMMON STOCK. In addition to any other approval required by law or by this Restated Certificate of Incorporation, the affirmative vote of a majority of the then outstanding shares of Class A Common Stock, voted separately as a class, shall be necessary to approve any consolidation of the Corporation with another corporation, any merger of the Corporation into another corporation or any merger of any other corporation into the Corporation pursuant to which shares of Common Stock are converted into or exchanged for any securities or any other consideration.

(2) PREFERRED STOCK. Subject to Article XIII of this Restated Certificate of Incorporation, in addition to any other approval required by law or by this Restated Certificate of Incorporation, each particular series of any class of Preferred Stock shall have such right to vote, if any, as shall be fixed in the resolution or resolutions, adopted by the Board of Directors, providing for the issuance of shares of such particular series.

ARTICLE X

STOCK OWNERSHIP AND THE FEDERAL COMMUNICATIONS LAWS

(1) REQUESTS FOR INFORMATION. So long as the Corporation or any of its subsidiaries holds any authorization from the Federal Communications Commission (or any successor thereto), if the Corporation has reason to believe that the ownership, or proposed ownership, of shares of capital stock of the Corporation by any stockholder or any person presenting any shares of capital stock of the Corporation for transfer into his name (a "Proposed Transferee") may be inconsistent with, or in violation of, any provision of the Federal Communications Laws (as hereinafter defined), such stockholder or Proposed Transferee, upon request of the Corporation, shall furnish promptly to the Corporation such information (including, without limitation, information with respect to citizenship, other ownership interests and affiliations) as the Corporation shall reasonably request to determine whether the ownership of, or the exercise of any rights with respect to, shares of capital stock of the Corporation by such stockholder or Proposed Transferee is inconsistent with, or in violation of, the Federal Communications Laws. For purposes of this Article X, the term "Federal Communications Laws" shall mean any law of the United States now or hereafter in effect (and any regulation thereunder) pertaining to the ownership of, or the exercise of the rights of ownership with respect to, capital stock of corporations holding, directly or indirectly, Federal Communications Commission authorizations, including, without limitation,

the Communications Act of 1934, as amended (the "Communications Act"), and regulations thereunder pertaining to the ownership, or the exercise of the rights of ownership, of capital stock of corporations holding, directly or indirectly, Federal Communications Commission authorizations, by (i) aliens, as defined in or under the Communications Act, as it may be amended from time to time, (ii) persons and entities having

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interests in television or radio stations, daily newspapers and cable television systems or (iii) persons or entities, unilaterally or otherwise, seeking direct or indirect control of the Corporation, as construed under the Communications Act, without having obtained any requisite prior Federal regulatory approval to such control.

(2) DENIAL OF RIGHTS, REFUSAL TO TRANSFER. If any stockholder or Proposed Transferee from whom information is requested should fail to respond to such request pursuant to Section (1) of this Article or the Corporation shall conclude that the ownership of, or the exercise of any rights of ownership with respect to, shares of capital stock of the Corporation, by such stockholder or Proposed Transferee, could result in any inconsistency with, or violation of, the Federal Communications Laws, the Corporation may refuse to permit the transfer of shares of capital stock of the Corporation to such Proposed Transferee, or may suspend those rights of stock ownership the exercise of which would result in any inconsistency with, or violation of, the Federal Communications Laws, such refusal of transfer or suspension to remain in effect until the requested information has been received and the Corporation has determined that such transfer, or the exercise of such suspended rights, as the case may be, is permissible under the Federal Communications Laws, and the Corporation may exercise any and all appropriate remedies, at law or in equity, in any court of competent jurisdiction, against any such stockholder or Proposed Transferee, with a view towards obtaining such information or preventing or curing any situation which would cause any inconsistency with, or violation of, any provision of the Federal Communications Laws.

(3) LEGENDS. The Corporation may note on the certificates of its capital stock that the shares represented by such certificates are subject to the restrictions set forth in this Article.

(4) CERTAIN DEFINITIONS. For purposes of this Article, the word "person" shall include not only natural persons but partnerships, associations, corporations, joint ventures and other entities, and the word "regulation" shall include not only regulations but rules, published policies and published controlling interpretations by an administrative agency or body empowered to administer a statutory provision of the Federal Communications Laws.

ARTICLE XI

TRANSACTIONS WITH DIRECTORS AND OFFICERS

No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (a) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or the committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, or (b) the material facts as to his relationship or interest and as to

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the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of such stockholders, or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders entitled to vote thereon. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a Committee which authorizes the contract or transaction.

ARTICLE XII

COMPROMISE AND REORGANIZATION

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agrees to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ARTICLE XIII

GOVERNANCE OF THE CORPORATION DURING SPECIFIED PERIOD

(1) DEFINITIONS. As used in this Article XIII, the following terms shall have the following meanings:

(a) "CBS" shall mean CBS Corporation, a Pennsylvania corporation, immediately prior to the Effective Time.

(b) "CBS DIRECTORS" shall mean (i) eight (8) of those directors serving as members of the Board of Directors of CBS on September 6, 1999 (or any Independent Directors elected or appointed prior to the Effective Time to serve as a CBS Director) who are designated as such by the Board of Directors of CBS prior to the Effective Time and (ii) any Replacement CBS Director (as defined in Section 2(b) of this Article XIII).

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(c) "CEO" shall mean the Chief Executive Officer.

(d) "COO" shall mean the President and Chief Operating Officer.

(e) "EFFECTIVE TIME" shall mean the time of filing of the Certificate of Merger to which this Certificate of Incorporation is attached.

(f) "INDEPENDENT DIRECTOR" shall mean a disinterested, independent person (determined in accordance with customary standards for independent directors applicable to U.S. public companies).

(g) "NAI" shall mean National Amusements, Inc., a Maryland corporation, and its successors or assigns.

(h) "SPECIFIED INDEPENDENT DIRECTORS" shall mean the directors of the Corporation first elected after 1993 and who are not management of the Corporation or NAI (together with any replacements of such persons).

(i) "SPECIFIED PERIOD" shall mean the period of three years commencing at the Effective Time.

(j) "STOCKHOLDER AGREEMENT" shall mean the Stockholder Agreement dated as of September 6, 1999, by and between NAI and CBS, relating to Corporation governance matters.

(k) "VIACOM DIRECTORS" shall mean the ten (10) directors of the Corporation serving as the Board of Directors of the Corporation immediately prior to the Effective Time (including the Specified Independent Directors).

(2) DIRECTORS.

(a) Effective immediately at the Effective Time, the Board of Directors shall consist of eighteen (18) directors. The number of directors may be fixed by resolution of the Board from time to time, PROVIDED, HOWEVER, that the size of the Board of Directors may not be changed during the Specified Period without the approval of at least fourteen (14) directors. At the Effective Time, ten (10) directors shall be Viacom Directors and eight (8) directors shall be CBS

Directors.

(b) Until the expiration of the Specified Period, the Board of Directors (subject to the fiduciary duties of the directors) shall take all action necessary to ensure that any seat on the Board of Directors held by (i) a CBS Director which becomes vacant is filled promptly by a person qualifying as an Independent Director and designated to fill such seat by a majority of the CBS Directors remaining on the Board of Directors (a "Replacement CBS Director") and (ii) a

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Specified Independent Director which becomes vacant is filled promptly by an Independent Director who is the chief executive officer, chief operating officer or chief financial officer or former chief executive officer of a Fortune 500 company or a non-U.S. public company of comparable size.

(c) During the Specified Period, all committees of the Board of Directors (other than the Compensation Committee and the Officers Nominating Committee) shall have such number of CBS Directors as equals the total number of members of the Committee multiplied by a fraction, the numerator of which is eight (8) and the denominator of which is eighteen (18), rounded to the closest whole number; PROVIDED that in no event shall any committee have (x) fewer than one (1) CBS Director or (y) less than a majority of Viacom Directors.

(d) During the Specified Period, the Board of Directors shall not take any action or fail to take any action which would have the effect of eliminating, limiting, restricting, avoiding or otherwise modifying the effect of the provisions set forth in this Article XIII (E.G., by creating a holding company structure if the certificate of incorporation or similar document of such holding company does not contain equivalent provisions).

(3) CHAIRMAN AND CHIEF EXECUTIVE OFFICER.

(a) At the Effective Time, Sumner Redstone shall remain the Chairman and CEO. In the event that Sumner Redstone is not the CEO at the Effective Time or ceases to be the CEO at any time during the Specified Period, then Mel Karmazin, if he is COO at such time, shall succeed to the position of CEO for the remainder of the Specified Period. During any such period of succession, Mel Karmazin shall continue to exercise the powers, rights, functions and responsibilities of the COO in addition to exercising those of the CEO.

(b) The Chairman shall chair all meetings of the Board of Directors and stockholders at which he is present.

(c) The CEO shall be responsible, in consultation with the COO, for corporate policy and strategy and the COO shall consult on all major decisions with, and shall report directly to, the CEO, during the Specified Period; PROVIDED, HOWEVER, that the CEO shall not exercise any powers, rights, functions or responsibilities of the COO unless Mel Karmazin is the CEO.

(4) PRESIDENT AND CHIEF OPERATING OFFICER.

(a) At the Effective Time, the President and Chief Operating Officer of the Corporation shall be Mel Karmazin. During the Specified Period, Mel Karmazin may not be terminated or demoted from the position of COO (or, in the event that Sumner Redstone is not the CEO, from the position of CEO) and no COO Functions (as defined below) may be changed without the affirmative vote of at least fourteen (14) directors.

(b) Subject to the requirement that the COO consult with the CEO on all major decisions, the powers, rights, functions and responsibilities of the COO (collectively, the "COO Functions") shall include, without limitation, the following:

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(i) supervising, coordinating and managing the Corporation's business, operations, activities, operating expenses and capital allocation;

(ii) matters relating to officers (other than the Chairman, CEO and COO) and employees, including, without limitation, hiring (subject to (A) the specific Board of Directors authority described below with respect to the CFO, the General Counsel and the Controller and (B) Section 5 below), terminating, changing positions and allocating responsibilities of such officers and employees; and

(iii) substantially all of the powers, rights, functions and

responsibilities typically exercised by a chief operating officer.

All officers (other than the Chairman, CEO and COO) will report, directly or indirectly, to the COO (this reporting relationship will be deemed a COO Function).

(c) In the event that Mel Karmazin is not COO or CEO, the Board may terminate the COO's employment, eliminate the COO position and the Officers Nominating Committee and reallocate the COO Functions without regard to the other provisions of this Article XIII.

(5) OFFICERS NOMINATING COMMITTEE; COMPENSATION COMMITTEE.

(a) Subject to the powers of the Compensation Committee set forth below, during the Specified Period, all powers of the Board of Directors, including, without limitation, the right to hire, elect, terminate, change positions, allocate responsibilities or determine non-equity compensation, with respect to officers and employees, shall be exercised, subject to clauses (b) and (c) below, by, and delegated to, the Officers Nominating Committee of the Board of Directors. The Officers Nominating Committee shall consist solely of the member of the Board of Directors who is the COO, except that in the event Mel Karmazin succeeds to the position of CEO, the sole member of the Officers Nominating Committee shall be the member of the Board of Directors who is the CEO.

(b) The Officers Nominating Committee shall have no powers with respect to the Chairman, CEO and COO, and shall not have the power to fill the positions of Chief Financial Officer, Controller or General Counsel of the Corporation without the approval of the Board of Directors; PROVIDED that this provision shall in no way affect the other powers and authorities of the Officers Nominating Committee with respect to the Chief Financial Officer, Controller and General Counsel positions, including, without limitation, the power to terminate employment of persons holding such positions.

(c) The Compensation Committee shall not be required to, or have any power to, approve the annual compensation of (i) any employee if the total value of such employee's annual cash compensation (assuming for this purpose that the actual bonus of each officer and employee is equal to his or her target bonus) is less than \$1 million or (ii) talent (as such term is commonly used in the media or entertainment industries), in each such case which power shall be delegated to the Officers Nominating Committee. The annual compensation of all other

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officers and employees and any equity or equity-based compensation of any officer or employee must be approved by the Compensation Committee.

(d) The Compensation Committee shall consist of three CBS Directors who are Independent Directors and three non-CBS Directors, two of whom will be the Specified Independent Directors and the other of whom will be an Independent Director.

(e) Any decision or determination of the Officers Nominating Committee may be reversed or overridden by (and only by) the affirmative vote of at least fourteen (14) directors.

(6) STOCKHOLDER AGREEMENT.

The Stockholder Agreement may not be amended, and no provision thereof may be modified or waived, except with the approval of at least fourteen (14) directors.

(7) ISSUANCE OF VOTING STOCK.

During the Specified Period, in addition to any other approval required by law or by this Restated Certificate of Incorporation, the Corporation may not issue (i) additional shares of Class A Common Stock or (ii) any shares of Preferred Stock or any other class or series of stock or securities, in each case with, or convertible into or exchangeable or exercisable for stock or other securities with, the right to vote on any matter on which stockholders are entitled to vote if the result would be that parties bound by the Stockholder Agreement could fail to own at least a majority of the outstanding shares of voting stock of the Corporation.

(8) VOTING.

During the Specified Period, except for those actions set forth on Annex I to this Restated Certificate of Incorporation, which shall require the approval of the Board of Directors, all action by the Board of Directors shall require the affirmative vote of at least fourteen (14) directors. At all meetings of the

Board of Directors a majority of the full Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or this Restated Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

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(9) AMENDMENT.

Until the expiration of the Specified Period the provisions of any Article of this Restated Certificate which refer to this Article XIII, the provisions of this Article XIII, and the provisions of Article VIII of the by-laws of the Corporation, may not be amended, altered, repealed or waived in any respect without the approval of at least fourteen (14) directors.

(10) SUCCESSORS.

During the Specified Period, the provisions of this Article XIII shall be applicable to (i) any successor to the Corporation as the result of a merger, consolidation or other business combination, whether or not the Corporation is the surviving company in such transaction, or otherwise and (ii) any corporation or other entity with respect to which the Corporation or its successor is or becomes a direct or indirect subsidiary, the Board of Directors shall not permit the Corporation to be a party to any transaction which would not comply with the foregoing without the approval of at least fourteen (14) directors.

(11) SUBSIDIARIES.

The Board of Directors shall have the right, following consultation with the COO or, if Mel Karmazin is the CEO, the CEO, with respect to any public company which is a subsidiary of the Corporation, to take such steps as the Board of Directors reasonably determines are necessary to implement corporate governance arrangements applicable to such subsidiary in a manner as consistent as practicable with the provisions contained in this Restated Certificate of Incorporation; PROVIDED that any such steps shall not vest in the Board of Directors greater power or provide the COO with fewer rights than those provided for in this Restated Certificate of Incorporation.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation, which restates and integrates the provisions of the Restated Certificate of Incorporation of this Corporation as heretofore amended or supplemented, there being no discrepancy between such provisions and the provisions of this Restated Certificate of Incorporation, having been duly adopted by the Board of Directors of the Corporation in accordance with Section 245 of the Delaware General Corporation Law, has been executed by its duly authorized officer this 26th day of March, 2002.

VIACOM INC.

By: /s/Michael D. Fricklas

Name: Michael D. Fricklas
Title: Executive Vice President,
General Counsel and Secretary

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ANNEX I
TO VIACOM INC. RESTATED
CERTIFICATE OF INCORPORATION

The provisions of this Annex I shall form a part of, and be incorporated in all respects in, the Restated Certificate of Incorporation to which this Annex I is attached. The following actions shall require the approval of a majority of the directors:

A. ACQUISITIONS, DIVESTITURES, JOINT VENTURES, GUARANTEES

- Any acquisition, equity investment or joint venture (each an "Acquisition") by the Corporation or any of its subsidiaries for more than \$25 million.
- Any divestiture or other sale of assets (each a "Divestiture") (not in the ordinary course) by the Corporation or any of its subsidiaries for more than \$25 million (based on purchase price or net book value

of assets).

- Any real estate purchase, sale or lease by the Corporation or any of its subsidiaries for more than \$25 million.
- Any guarantee by the Corporation or any of its subsidiaries of an obligation of a third party where the obligation guaranteed is more than \$25 million.
- Notwithstanding the above, any Acquisition or Divestiture by the Corporation or any of its subsidiaries of (a) internet or internet related businesses for more than \$25 million but less than \$100 million, with the value thereof represented by multi-year commitments for advertising, promotion and content licensing, is excluded, so long as the aggregate of such Acquisitions or Divestitures, in each case, does not exceed \$550 million and (b) radio or outdoor advertising businesses for more than \$25 million but less than \$100 million, is excluded, so long as the aggregate of such Acquisitions or Divestitures, in each case, does not exceed \$300 million; provided that (i) any Divestiture of shares of a publicly traded internet or internet related business with a value of up to \$75 million is excluded and shall not be included in the calculation of any of the threshold amounts set forth above, (ii) Board approval may be secured (but is not required) for any transaction of more than \$25 million but less than \$100 million where the regular meeting schedule of the Board so permits (and shall not otherwise be required), (iii) the Board will be provided with information about and a status report on such transactions completed without Board approval and (iv) this limit of authority will be reviewed in 12 months from the Effective Time (as defined in Article XIII of the Restated Certificate) and may be amended only with the approval of 14 members of the Board of Directors.
- Any contract of the Corporation or any of its subsidiaries not in the ordinary course with a value in excess of \$25 million.

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- Notwithstanding the above, any of the foregoing transactions that is approved by the Board shall not be included in the calculation of any of the threshold amounts set forth above.

B. EMPLOYEE MATTERS

- Employee benefit plans (at the Corporation or a subsidiary):
(a) creating a new plan, (b) suspending or terminating an existing plan, (c) any amendment that materially increases cost to the Corporation or subsidiary.
- Entering into any modifications or amendments to the employment agreements with the CEO or the COO.

C. GENERAL

- The Annual Report on Form 10-K.
- Proxy statement and notice of meeting (including annual or special meeting date, location, record date for voting).
- Any issuance of Corporation stock, or options, warrants or other similar rights (including stock appreciation rights) or debt or other securities convertible into or exchangeable for Corporation stock.
- Any issuance of debt unless such debt is short term and is within the spending limits of the annual operating budget or is replacing existing debt.
- Annual capital expenditure and annual operating budgets and individual capital expenditure transactions in excess of \$25 million for the Corporation or any of its subsidiaries.
- Any Corporation or subsidiary pays a dividend or repurchases stock from a third party.
- Review and approve any action or transaction where Board action is required by law (other than 141(a) of the Delaware General Corporation Law) or by the terms of the transaction (in all cases other than as specifically set forth in the Restated Certificate of Incorporation).

- Review and approve Board minutes.
- Subject to Article XIII of the Restated Certificate of Incorporation, determine Board administration, including number of directors, meeting schedule, nominees, committees, director compensation, D&O insurance authorization, internal investigations and retention of advisors in connection therewith, and decisions regarding indemnification of individuals.

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- Subject to Article XIII of the Restated Certificate of Incorporation, amendments to the Restated Certificate of Incorporation and by-laws of the Corporation.
- Commencement and settlement of major litigation.
- Selection of independent auditors.
- All matters on which the Corporation Board of Directors has historically taken action other than (1) matters relating to the subject matters addressed in this Annex I and not requiring approval of the Board of Directors hereunder and (2) those matters delegated to the COO, including all of the COO Functions (as defined in Article XIII of this Restated Certificate of Incorporation).

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VIACOM INC.

2000 LONG-TERM MANAGEMENT INCENTIVE PLAN
(AS AMENDED AND RESTATED THROUGH JANUARY 31, 2001)

ARTICLE I

GENERAL

SECTION 1.1 PURPOSE.

The purpose of the Viacom Inc. 2000 Long-Term Management Incentive Plan (the "Plan") is to benefit and advance the interests of Viacom Inc., a Delaware corporation (the "Company"), and its subsidiaries by rewarding certain key employees of the Company and its subsidiaries for their contributions to the financial success of the Company and thereby motivate them to continue to make such contributions in the future.

SECTION 1.2 DEFINITIONS.

As used in the Plan, the following terms shall have the following meanings:

(a) "Agreement" shall mean the written agreement or certificate governing a Grant under the Plan, which shall contain terms and conditions not inconsistent with the Plan and which shall incorporate the Plan by reference.

(b) "Appreciation Value" shall mean the excess, if any, of the Value of a Phantom Share on the applicable Valuation Date or date of termination of employment or of the Participant's death, Retirement or Permanent Disability (as described in Section 5.5(a) hereof), as the case may be, over the Initial Value of such Phantom Share.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "'Class B Common Stock'" shall mean shares of Class B Common Stock, par value \$0.01 per share, of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto.

(f) "Committee" shall mean the Compensation Committee of the Board (or such other Committee(s) as may be appointed or designated by the Board) to administer the Plan in accordance with Section 1.3 of the Plan.

(g) "Date of Grant" shall mean the effective date of the Grant of the Stock Options, Stock Appreciation Rights, Restricted Shares, Restricted Share Units and/or Phantom Shares as set forth in the applicable Agreement.

(h) "Effective Date" shall have the meaning set forth in Article X.

(i) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, including any successor law thereto.

(j) "Fair Market Value" of a share of Class B Common Stock on a given date shall be the closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by the Fitch Group Daily Market Publications or, if there is no such report or the Company no longer subscribes to such publication, the 4:00 p.m. (New York time) closing price as reported by The Wall Street Journal (Northeast edition) or any other authoritative source selected by the Company.

(k) "Grant" shall mean a grant under the Plan which may consist of a grant of Stock Options, Stock Appreciation Rights, Restricted Shares, Restricted Share Units or Phantom Shares or a combination of any of the above.

(l) "Initial Value" shall mean the value of a Phantom Share as specified by the Committee as of the Date of Grant or the Value of a Phantom Share calculated as of the Date of Grant or such earlier date as the Committee may determine.

(m) "Outstanding Phantom Share" shall mean a Phantom Share granted to a Participant for which the Valuation Date has not yet occurred.

(n) "Outstanding Stock Option" shall mean a Stock Option granted to a Participant which has not yet been exercised and which has not yet expired or been terminated in accordance with its terms.

(o) "Participant" shall mean any employee who has met the eligibility requirements set forth in Section 1.4 hereof and to whom an outstanding Grant has been made under the Plan.

(p) "Permanent Disability" shall have the same meaning as such term or a similar term has in the long-term disability policy maintained by the Company or a subsidiary thereof for the Participant and that is in effect on the date of the onset of the Participant's Permanent Disability, unless the Committee determines otherwise, in its discretion, and sets forth an alternative definition in the applicable Agreement; PROVIDED, HOWEVER, with respect to grants of Incentive Stock Options, permanent disability shall have the meaning given it under the rules governing Incentive Stock Options under the Code.

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(q) "Phantom Share" shall mean a contractual right granted to a Participant pursuant to Article V to receive an amount equal to the Appreciation Value at such time, and subject to such terms and conditions, as are set forth in the Plan and the applicable Agreement.

(r) "Restricted Share" shall mean a share of Class B Common Stock granted to a Participant pursuant to Article III, which is subject to the restrictions set forth in Section 3.3 hereof and to such other terms, conditions and restrictions as are set forth in the Plan and the applicable Agreement.

(s) "Restricted Share Unit" shall mean a contractual right granted to a Participant pursuant to Article IV to receive either Class B Common Stock, a cash payment equal to the Fair Market Value of such Class B Common Stock or a combination of Class B Common Stock and cash, subject to the terms and conditions as are set forth in the Plan and in the applicable Agreement.

(t) "Retirement" shall mean the resignation or termination of employment after attainment of an age and years of service required for payment of an immediate pension pursuant to the terms of any qualified defined benefit retirement plan maintained by the Company or a subsidiary in which the Participant participates; PROVIDED, HOWEVER, that no resignation or termination prior to a Participant's 60th birthday shall be deemed a retirement unless the Committee so determines in its sole discretion.

(u) "Rule 16b-3" shall mean Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision.

(v) "Section 162(m)" shall mean Section 162(m) of the Code and the regulations promulgated thereunder from time to time.

(w) "Section 162(m) Exception" shall mean the exception under Section 162(m) for "qualified performance-based compensation."

(x) "Stock Appreciation Right" shall mean a contractual right granted to a Participant pursuant to Article II to receive an amount determined in accordance with Section 2.5 of the Plan.

(y) "Stock Option" shall mean a contractual right granted to a Participant pursuant to Article II to purchase shares of Class B Common Stock at such time and price, and subject to such other terms and conditions, as are set forth in the Plan and the applicable Agreement. Stock Options may be "Incentive Stock Options" within the meaning of Section 422 of the Code or "Non-Qualified Stock Options" which do not meet the requirements of such Code section.

(z) "Termination for Cause" shall mean a termination of employment with the Company or any of its subsidiaries which, as determined by the Committee, is by reason of (i) "cause" as such term or a similar term is defined in any employment agreement

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applicable to the Participant, or (ii) if there is no such employment agreement or if such employment agreement contains no such term, the Participant's: (A) dishonesty; (B) conviction of embezzlement, fraud or other conduct which would constitute a felony; (C) willful unauthorized disclosure of confidential information; (D) failure, neglect of or refusal to substantially perform the

duties of the Participant's employment; or (E) any other act or omission which is a material breach of the Company's policies regarding employment practices or the applicable federal, state and local laws prohibiting discrimination or which is materially injurious to the financial condition or business reputation of the Company or any subsidiary thereof.

(aa) "Valuation Date" shall mean the date on which the Appreciation Value of a Phantom Share shall be measured and fixed in accordance with Section 5.2(a) hereof.

(bb) The "Value" of a Phantom Share shall be determined by reference to the "average Fair Market Value" of a share of Class B Common Stock. The "average Fair Market Value" on a given date of a share of Class B Common Stock shall be determined over the 30-day period ending on such date or such other period as the Committee may decide shall be applicable to a Grant of Phantom Shares, determined by dividing (i) by (ii), where (i) shall equal the sum of the Fair Market Values on each day that the Class B Common Stock was traded and a closing price was reported during such period, and (ii) shall equal the number of days, as determined by the Committee for the purposes of determining the average Fair Market Value for such Phantom Shares, on which the Class B Common Stock was traded and a closing price was reported during such period.

(cc) To "vest" a Stock Option, Stock Appreciation Right, Restricted Share, Restricted Share Unit or Phantom Share held by a Participant shall mean, with respect to a Stock Option or Stock Appreciation Right, to render such Stock Option or Stock Appreciation Right exercisable, subject to the terms of the Plan or the Agreement, and, in the case of a Restricted Share, Restricted Share Unit or Phantom Share, to render such Restricted Share, Restricted Share Unit or Phantom Share nonforfeitable, except where, with respect to Stock Options, Stock Appreciation Rights and Phantom Shares, a Participant's employment ends because of a Termination for Cause.

SECTION 1.3 ADMINISTRATION OF THE PLAN.

The Plan shall be administered by the Board or by a Committee appointed by the Board, consisting of at least two members of the Board; PROVIDED that (i) with respect to any Grant that is intended to satisfy the requirements of Rule 16b-3, such Committee shall consist of at least such number of directors as is required from time to time by Rule 16b-3, and each such Committee member shall satisfy the qualification requirements of such rule; and (ii) with respect to any Grant that is also intended to satisfy the requirements of the Section 162(m) Exception, such Committee shall consist of at least such number of directors as is required from time to time to satisfy the Section 162(m) Exception, and each such Committee member shall satisfy the qualification requirements of such exception. The Committee shall adopt such rules as it may deem appropriate in order to carry out the purpose of the Plan. All questions of interpretation, administration

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and application of the Plan shall be determined by a majority of the members of the Committee then in office, except that the Committee may authorize any one or more of its members, or any officer of the Company, to execute and deliver documents on behalf of the Committee. The determination of such majority shall be final and binding as to all matters relating to the Plan. The Committee shall have authority to select Participants from among the class of eligible persons specified in Section 1.4 below and to determine the number of Stock Options, Stock Appreciation Rights, Restricted Shares, Restricted Share Units or Phantom Shares (or combination thereof) to be granted to each Participant. The Committee shall also have the authority to amend the terms of any outstanding Grant or waive any conditions or restrictions applicable to any Grant; PROVIDED, HOWEVER, that no amendment shall impair the rights of the holder thereof.

With respect to any restrictions in the Plan or in any Agreement that are based on the requirements of Rule 16b-3, Section 422 of the Code, the Section 162(m) Exception, the rules of any exchange upon which the Company's securities are listed, or any other applicable law, rule or restriction to the extent that any such restrictions are no longer required, the Committee shall have the sole discretion and authority to make Grants that are not subject to such restrictions and/or to waive any such restrictions with respect to outstanding Grants.

SECTION 1.4 ELIGIBLE PERSONS.

Grants may be awarded to any employee of the Company or any of its subsidiaries selected by the Committee.

SECTION 1.5 CLASS B COMMON STOCK SUBJECT TO THE PLAN.

The total aggregate number of shares of Class B Common Stock that may be distributed under the Plan (whether reserved for issuance upon grant of Stock Options or Stock Appreciation Rights or granted as Restricted Shares or Restricted Share Units) shall be 100 million, subject to adjustment pursuant to Article VI hereof. The shares of Class B Common Stock shall be made available from authorized but unissued Class B Common Stock or from Class B Common Stock issued and held in the treasury of the Company. The delivery of shares of Class B Common Stock upon exercise of a Stock Option or Stock Appreciation Right in any manner and the vesting of Restricted Shares or Restricted Share Units shall result in a decrease in the number of shares which thereafter may be issued for purposes of this Section 1.5, by the number of shares as to which the Stock Option or Stock Appreciation Right is exercised or by the number of Restricted Shares or Restricted Share Units which vest. To the extent permitted by law or the rules and regulations of any stock exchange on which the Class B Common Stock is listed, shares of Class B Common Stock with respect to which Stock Options and Stock Appreciation Rights expire, are canceled without being exercised or are otherwise terminated or, in the case of Stock Appreciation Rights or Restricted Share Units, are exercised for cash, may be regranted under the Plan. Restricted Shares or Restricted Share Units that are forfeited for any reason shall not be deemed granted for purposes of this Section 1.5 and may thereafter be regranted under the Plan.

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SECTION 1.6 LIMIT ON GRANTS TO PARTICIPANTS.

The maximum aggregate number of (i) shares of Class B Common Stock that may be granted under the Plan (whether reserved for issuance upon grant of Stock Options or Stock Appreciation Rights or granted as Restricted Shares or Restricted Share Units) and (ii) Phantom Shares or Restricted Share Units that may be granted under the Plan to any Participant during the five-year period starting on the Effective Date of the Plan is 20 million, subject to adjustment pursuant to Article VI hereof..

SECTION 1.7 AGREEMENTS.

Each Agreement (i) shall state the Date of Grant and the name of the Participant, (ii) shall specify the terms of the Grant, (iii) shall be signed by a person designated by the Committee and, if so required by the Committee, by the Participant, (iv) shall incorporate the Plan by reference and (v) shall be delivered to the Participant. The Agreement shall contain such other terms and conditions as are required by the Plan and, in addition, such other terms not inconsistent with the Plan as the Committee may deem advisable. The Committee shall have the authority to require that any Agreement relating to a Grant in a jurisdiction outside of the United States contain such terms as are required by local law in order to constitute a valid grant under the laws of such jurisdiction. Such authority shall be notwithstanding the fact that the requirements of the local jurisdiction may be more restrictive than the terms set forth in the Plan.

ARTICLE II

PROVISIONS APPLICABLE TO STOCK OPTIONS

SECTION 2.1 GRANTS OF STOCK OPTIONS.

The Committee may from time to time grant to eligible employees Stock Options on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan, as the Committee, in its discretion, may from time to time determine, and subject to satisfaction of any performance goal requirements established by the Committee. Each Agreement covering a Grant of Stock Options shall specify the number of Stock Options granted, the Date of Grant, the exercise price of such Stock Options, whether such Stock Options are Incentive Stock Options or Non-Qualified Stock Options, the period during which such Stock Options may be exercised and any vesting schedule, including any applicable performance goal requirements. Any Stock Option intended to qualify as an Incentive Stock Option that fails to so qualify will be deemed a Non-Qualified Stock Option.

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SECTION 2.2 EXERCISE PRICE.

The Committee shall establish the per share exercise price at the time any Stock Option is granted at such amount as the Committee shall determine; PROVIDED that, with respect to any Incentive Stock Option or any Stock Option intended to qualify for the Section 162(m) Exception, such exercise price shall not be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant; and PROVIDED FURTHER that, with respect to any Incentive Stock Option that is granted to a person holding more than 10% of the combined voting power of all of the Class B Common Stock of the Company, such exercise price shall not be less than 110% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant. The exercise price will be subject to adjustment in accordance with the provisions of Article VI of the Plan.

SECTION 2.3 EXERCISE OF STOCK OPTIONS.

(a) EXERCISABILITY. Stock Options shall be exercisable only to the extent the Participant is vested therein, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement (or any employment agreement applicable to the Participant). A Participant shall vest in Stock Options over such time and in such increments as the Committee shall determine and specify in a vesting schedule set forth in the applicable Agreement (or any employment agreement applicable to the Participant). The Committee may, however, in its sole discretion, accelerate the time at which a Participant vests in his Stock Options.

(b) OPTION PERIOD. For each Stock Option granted, the Committee shall specify the period during which the Stock Option may be exercised; PROVIDED, HOWEVER, that anything in the Plan or in the applicable Agreement to the contrary notwithstanding:

(i) LATEST EXERCISE DATE. No Stock Option granted under the Plan shall be exercisable after the tenth anniversary of the Date of Grant thereof.

(ii) REGISTRATION RESTRICTIONS. A Stock Option shall not be exercisable, no transfer of shares of Class B Common Stock shall be made to any Participant, and any attempt to exercise a Stock Option or to transfer any such shares shall be void and of no effect, unless and until (A) a registration statement under the Securities Act of 1933, as amended, has been duly filed and declared effective pertaining to the shares of Class B Common Stock subject to such Stock Option, and the shares of Class B Common Stock subject to such Stock Option have been duly qualified under applicable federal or state securities or blue sky laws or (B) the Committee, in its sole discretion, determines, or the Participant, upon the request of the Committee, provides an opinion of counsel satisfactory to the Committee, that such registration or qualification is not required as a result of the availability of an exemption from registration or qualification under such laws. Without limiting the foregoing, if at any time the Committee shall determine, in its sole discretion, that the listing, registration or qualification of the shares of Class B Common Stock subject to such Stock Option is required under any

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federal or state law or on any securities exchange or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, delivery or purchase of such shares pursuant to the exercise of a Stock Option, such Stock Option shall not be exercised in whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(c) EXERCISE IN THE EVENT OF TERMINATION OF EMPLOYMENT, RETIREMENT, DEATH OR PERMANENT DISABILITY.

(i) TERMINATION OTHER THAN FOR CAUSE, OR DUE TO RETIREMENT, DEATH OR PERMANENT DISABILITY. Except as otherwise provided in this Section 2.3, in the event that (A) the Participant ceases to be an employee of the Company or any of its subsidiaries by reason of the voluntary termination by the Participant or the termination by the Company or any of its subsidiaries other than for Cause, his Outstanding Stock Options may be exercised to the extent then exercisable until the earlier of six months after the date of such termination (or such longer period as may be determined by the Committee, in its discretion) or the Expiration Date, (B) the Participant ceases to be an employee of the Company or any of its subsidiaries by reason of the Participant's Retirement, the Participant may exercise (x) his Outstanding Stock Options granted

prior to January 31, 2001 to the extent exercisable on the date of Retirement until the earlier of the second anniversary of such date (or such longer period as may be determined by the Committee, in its discretion) or the Expiration Date, and (y) his outstanding Stock Options granted on or after January 31, 2001 to the extent exercisable on the date of Retirement until the earlier of the third anniversary of such date (or such longer period as may be determined by the Committee, in its discretion) or the Expiration Date; (C) the Permanent Disability of the Participant occurs, (x) his Outstanding Stock Options granted prior to January 31, 2001 may be exercised to the extent exercisable upon date of the onset of such Permanent Disability until the earlier of the first anniversary of such date (or such longer period not in excess of the second anniversary of such date as may be determined by the Committee, in its discretion) or the expiration of such Stock Options, and (y) his Outstanding Stock Options granted on or after January 31, 2001 may be exercised to the extent exercisable upon date of the onset of such Permanent Disability until the earlier of the third anniversary of such date (or such longer period as may be determined by the Committee, in its discretion) or the Expiration Date; and (D) a Participant dies during a period during which his Stock Options could have been exercised by him, (x) his Outstanding Stock Options granted prior to January 31, 2001 may be exercised to the extent exercisable at the date of death by the person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution or permitted transfer until the earlier of the first anniversary of the date of death (or such longer period as may be determined by the Committee, in its discretion, prior to the expiration of such one-year period) or the Expiration Date, and (y) his Outstanding Stock Options granted on or after January 31, 2001

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may be exercised to the extent exercisable at the date of death by the person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution or permitted transfer until the earlier of the second anniversary of the date of death (or such longer period as may be determined by the Committee, in its discretion) or the Expiration Date. Upon the occurrence of an event described in clauses (A), (B), (C) or (D) of this Section 2.3(c)(i), all rights with respect to Stock Options that are not vested as of such event will be relinquished.

(ii) TERMINATION FOR CAUSE. If a Participant's employment with the Company or any of its subsidiaries ends due to a Termination for Cause then, unless the Committee in its discretion determines otherwise, all Outstanding Stock Options, whether or not then vested, shall terminate effective as of the date of such termination.

(iii) MAXIMUM EXERCISE PERIOD. Anything in this Section 2.3(c) to the contrary notwithstanding, no Stock Option shall be exercisable after the earlier to occur of (A) the expiration of the option period set forth in the applicable Agreement or (B) the tenth anniversary of the Date of Grant thereof.

(iv) MINIMUM EXERCISE PERIOD. With respect to a termination described in Section 2.3(c)(i)(A) only, the Committee may establish a shorter exercise period for Incentive Stock Options of not less than three months following the date of termination.

(v) EXERCISE PERIODS FOLLOWING TERMINATION OF EMPLOYMENT. For the purposes of determining the dates on which Stock Options may be exercised following a termination of employment or retirement, death or permanent disability, the day following the date of termination of employment or retirement, death or permanent disability shall be the first day of the exercise period and the Stock Options may be exercised up to and including the last business day falling within the exercise period. Thus, if the last day of the exercise period is not a business day, then the last date the Stock Options may be exercised is the last business day preceding the end of the exercise period.

SECTION 2.4 PAYMENT OF PURCHASE PRICE UPON EXERCISE.

Every share purchased through the exercise of a Stock Option shall be paid for in full at the time of exercise in cash or, in the discretion of the Committee, in shares of Class B Common Stock (PROVIDED that such shares of Class B Common Stock have been held for at least six months by the Participant) or other securities of the Company designated by the Committee, in a combination of cash, shares or such other securities or in any other form of valid consideration that is acceptable to the Committee in its sole discretion.

SECTION 2.5 STOCK APPRECIATION RIGHTS.

The Committee may grant Stock Appreciation Rights only in tandem with a Stock Option, either at the time of Grant or by amendment at any time prior to the exercise, expiration or termination of such Stock Option. Each Stock Appreciation Right shall be subject to the same terms and conditions as the related Stock Option and shall be exercisable only at such times and to such extent as the related Stock Option is exercisable. A Stock Appreciation Right shall entitle the holder to surrender to the Company the related Stock Option unexercised and receive from the Company in exchange therefor an amount equal to the excess of the Fair Market Value of the shares of Class B Common Stock subject to such Stock Option, determined as of the day preceding the surrender of such Stock Option, over the Stock Option aggregate exercise price. Such amount shall be paid in cash or, in the discretion of the Committee, in shares of Class B Common Stock or other securities of the Company designated by the Committee or in a combination of cash, shares or such other securities.

ARTICLE III

PROVISIONS APPLICABLE TO RESTRICTED SHARES

SECTION 3.1 GRANTS OF RESTRICTED SHARES.

The Committee may from time to time grant to eligible employees Restricted Shares on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan, as the Committee, in its discretion, may from time to time determine. Each Agreement covering a Grant of Restricted Shares shall specify the number of Restricted Shares granted, the Date of Grant, the price, if any, to be paid by the Participant for such Restricted Shares and the vesting schedule (as provided for in Section 3.2 hereof) for such Restricted Shares, including any applicable performance goal requirements.

SECTION 3.2 VESTING.

The Committee shall establish the vesting schedule applicable to Restricted Shares granted hereunder, which vesting schedule shall specify the period of time, the increments in which a Participant shall vest in the Grant of Restricted Shares and any applicable performance goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement.

SECTION 3.3 RIGHTS AND RESTRICTIONS GOVERNING RESTRICTED SHARES.

As of the Date of Grant of Restricted Shares, one or more certificates representing the appropriate number of shares of Class B Common Stock granted to a Participant shall be registered in his name but shall be held by the Company for the account of the

Participant. The Participant shall have all rights of a holder as to such shares of Class B Common Stock (including, to the extent applicable, the right to receive dividends and to vote), subject to the following restrictions: (a) the Participant shall not be entitled to delivery of certificates representing such shares of Class B Common Stock until such shares have vested; (b) none of the Restricted Shares may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of until such shares have vested; and (c) except as otherwise provided in Section 3.6 below, all unvested Restricted Shares shall be immediately forfeited upon a Participant's termination of employment with the Company or any subsidiary for any reason or the Participant's death, Retirement or Permanent Disability.

SECTION 3.4 ADJUSTMENT WITH RESPECT TO RESTRICTED SHARES.

Any other provision of the Plan to the contrary notwithstanding, the Committee may, in its discretion, at any time accelerate the date or dates on which Restricted Shares vest. The Committee may, in its sole discretion, remove any and all restrictions on such Restricted Shares whenever it may determine that, by reason of changes in applicable law, the rules of any stock exchange on which the Class B Common Stock is listed or other changes in circumstances

arising after the Date of Grant, such action is appropriate.

SECTION 3.5 DELIVERY OF RESTRICTED SHARES.

On the date on which Restricted Shares vest, all restrictions contained in the Agreement covering such Restricted Shares and in the Plan shall lapse as to such Restricted Shares. One or more stock certificates for the appropriate number of shares of Class B Common Stock, free of the restrictions set forth in the Plan and applicable Agreement, shall be delivered to the Participant or such shares shall be credited to a brokerage account if the Participant so directs; PROVIDED, HOWEVER, that such certificates shall bear such legends as the Committee, in its sole discretion, may determine to be necessary or advisable in order to comply with applicable federal or state securities laws.

SECTION 3.6 TERMINATION OF EMPLOYMENT, RETIREMENT, DEATH OR PERMANENT DISABILITY.

In the event that (i) the Participant's employment with the Company or any of its subsidiaries ends by reason of voluntary termination by the Participant, termination by the Company or any of its subsidiaries other than for Cause, termination by the Company or any of its subsidiaries for Cause or the Participant's Retirement, or (ii) the Participant's death or Permanent Disability occurs, prior to the date or dates on which Restricted Shares vest, the Participant shall forfeit all unvested Restricted Shares as of the date of such event, unless, other than in the case of a termination by the Company or its subsidiaries for Cause, the Committee determines that the circumstances in the particular case so warrant and provides that some or all of such Participant's unvested Restricted Shares shall vest as of the date of such event, in which case certificates representing such shares shall be delivered, in accordance with Section 3.5 above, to the Participant or in

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the case of the Participant's death, to the person or persons who acquired the right to receive such certificates by will or the laws of descent and distribution.

ARTICLE IV

PROVISIONS APPLICABLE TO RESTRICTED SHARE UNITS

SECTION 4.1 GRANTS OF RESTRICTED SHARE UNITS.

The Committee may from time to time grant Restricted Share Units on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan as the Committee, in its discretion, may from time to time determine. Each Restricted Share Unit awarded to a Participant shall correspond to one share of Class B Common Stock. Each Agreement covering a Grant of Restricted Share Units shall specify the number of Restricted Share Units granted and the vesting schedule (as provided for in Section 4.2 hereof) for such Restricted Share Units, including any applicable performance goal requirements.

SECTION 4.2 VESTING.

The Committee shall establish the vesting schedule applicable to Restricted Share Units granted hereunder, which vesting schedule shall specify the period of time, the increments in which a Participant shall vest in the Grant of Restricted Share Units and any applicable performance goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement.

SECTION 4.3 ADJUSTMENT WITH RESPECT TO RESTRICTED SHARE UNITS.

Any other provision of the Plan to the contrary notwithstanding, the Committee may, in its discretion, at any time accelerate the date or dates on which Restricted Share Units vest.

SECTION 4.4 SETTLEMENT OF RESTRICTED SHARE UNITS.

On the date on which Restricted Share Units vest, all restrictions contained in the Agreement covering such Restricted Share Units and in the Plan shall lapse as to such Restricted Share Units and the Restricted Stock Units will be payable, at the discretion of the Committee, in Class B Common Stock, in cash equal to the Fair Market Value of the shares subject to such Restricted Share Units or in a combination of Class B Common Stock and cash. In the event the Restricted Share Units are paid in Class B Common Stock, one or more stock certificates for the appropriate number of shares of Class B Common Stock, free

of the restrictions set forth in the Plan and applicable Agreement, shall be delivered to the Participant or such shares shall be credited to a brokerage account if the Participant so directs; PROVIDED, HOWEVER, that such certificates shall bear

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such legends as the Committee, in its sole discretion, may determine to be necessary or advisable in order to comply with applicable federal or state securities laws.

SECTION 4.5 TERMINATION OF EMPLOYMENT, RETIREMENT, DEATH OR PERMANENT DISABILITY.

In the event that (i) the Participant's employment with the Company or any of its subsidiaries ends by reason of voluntary termination by the Participant, termination by the Company or any of its subsidiaries other than for Cause, termination by the Company or any of its subsidiaries for Cause or the Participant's Retirement, or (ii) the Participant's death or Permanent Disability occurs prior to the date or dates on which Restricted Share Units vest, the Participant shall forfeit all unvested Restricted Share Units as of the date of such event, unless, other than due to a Termination for Cause, the Committee determines that the circumstances in the particular case so warrant and provides that some or all of such Participant's unvested Restricted Share Units shall vest as of the date of such event, in which case, in the discretion of the Committee, either certificates representing shares of Class B Common Stock or a cash payment equal to the Fair Market Value of the shares of Class B Common Stock, shall be delivered in accordance with Section 4.4 above, to the Participant or in the case of the Participant's death, to the person or persons who acquired the right to receive such certificates by will or the laws of descent and distribution.

ARTICLE V

PROVISIONS APPLICABLE TO PHANTOM SHARES

SECTION 5.1 GRANTS OF PHANTOM SHARES.

The Committee may from time to time grant to eligible employees Phantom Shares, the value of which is determined by reference to a share of Class B Common Stock, on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan as the Committee, in its discretion, may from time to time determine. Each Agreement covering a Grant of Phantom Shares shall specify the number of Phantom Shares granted, the Initial Value of such Phantom Shares, the Valuation Dates, the number of Phantom Shares whose Appreciation Value shall be determined on each such Valuation Date, any applicable vesting schedule (as provided for in Section 5.3 hereof) for such Phantom Shares, and any applicable limitation on payment (as provided for in Section 5.4 hereof) for such Phantom Shares.

SECTION 5.2 APPRECIATION VALUE.

(a) VALUATION DATES; MEASUREMENT OF APPRECIATION VALUE. The Committee shall provide in the Agreement for one or more Valuation Dates on which the Appreciation Value of the Phantom Shares granted pursuant to the Agreement shall be measured and fixed, and shall designate in the Agreement the number of such Phantom

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Shares whose Appreciation Value is to be calculated on each such Valuation Date. Unless otherwise determined by the Committee, each Valuation Date shall be December 15 and no Valuation Date shall occur later than the year in which the eighth (8th) anniversary of the Date of Grant occurs.

(b) PAYMENT OF APPRECIATION VALUE. Except as otherwise provided in Section 5.5 hereof, and subject to the limitation contained in Section 5.4 hereof, the Appreciation Value of a Phantom Share shall be paid to a Participant in cash in a lump sum as soon as practicable following the Valuation Date applicable to such Phantom Share.

SECTION 5.3 VESTING.

The Committee may, in its discretion, provide in the Agreement that Phantom Shares granted thereunder shall vest (subject to such terms and

conditions as the Committee may provide in the Agreement) over such period of time, from the Date of Grant, as may be specified in a vesting schedule contained therein.

SECTION 5.4 LIMITATION ON PAYMENT.

The Committee may, in its discretion, establish and set forth in the Agreement a maximum dollar amount payable under the Plan for each Phantom Share granted pursuant to such Agreement.

SECTION 5.5 TERMINATION OF EMPLOYMENT, RETIREMENT, DEATH OR PERMANENT DISABILITY.

(a) TERMINATION OTHER THAN FOR CAUSE, OR DUE TO RETIREMENT, DEATH OR PERMANENT DISABILITY. Except as otherwise provided in this Section 5.5, if, before the occurrence of one or more Valuation Dates applicable to the Participant's Outstanding Phantom Shares, (i) the Participant's employment with the Company or any of its subsidiaries ends by reason of the voluntary termination by the Participant, the termination by the Company or any of its subsidiaries other than for Cause or the Participant's Retirement or (ii) the Participant's death or Permanent Disability occurs, then, unless the Committee, in its discretion, determines otherwise, the Appreciation Value of each Outstanding Phantom Share as to which the Participant's rights are vested as of the date of such event shall be the lesser of (x) the Appreciation Value of such Phantom Share calculated as of the date of such event or (y) the Appreciation Value of such Phantom Share calculated as of the originally scheduled Valuation Date applicable thereto. Unless the Committee, in its discretion, determines otherwise, the Appreciation Value so determined for each such vested Outstanding Phantom Share shall then be payable to the Participant following the originally scheduled Valuation Date applicable thereto in accordance with Section 5.2(b) hereof. Upon the occurrence of an event described in this Section 5.5(a), all rights with respect to Phantom Shares that are not vested as of such date will be relinquished.

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(b) TERMINATION FOR CAUSE. If a Participant's employment with the Company or any of its subsidiaries ends due to a Termination for Cause, then, unless the Committee, in its discretion, determines otherwise, all Outstanding Phantom Shares, whether or not vested, and any and all rights to the payment of Appreciation Value with respect to such Outstanding Phantom Shares shall be forfeited effective as of the date of such termination.

ARTICLE VI

EFFECT OF CERTAIN CORPORATE CHANGES

In the event of a merger, consolidation, stock-split, dividend, distribution, combination, reclassification or recapitalization that changes the character or amount of the Class B Common Stock, the Committee shall make such adjustments to (i) the number and kind of securities subject to any Stock Options or Stock Appreciation Rights or the number and kind of Restricted Shares, Restricted Share Units or Phantom Shares granted to each Participant, (ii) the exercise price of any Outstanding Stock Options or Stock Appreciation Rights or the Initial Value of any Outstanding Phantom Shares, and (iii) the maximum number and kind of securities referred to in Section 1.5 and Section 1.6 of the Plan, in each case, as it deems appropriate. The Board may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve the benefits or potential benefits intended to be made available hereunder. Such determinations shall be conclusive and binding for all purposes.

ARTICLE VII

MISCELLANEOUS

SECTION 7.1 NO RIGHTS TO GRANTS OR CONTINUED EMPLOYMENT.

Nothing in the Plan or in any Agreement, nor the grant of any Option, Phantom Share, Restricted Share, Restricted Share Unit, or Stock Appreciation Right, shall confer upon any individual any right to be employed by the Company or any subsidiary thereof, nor to be entitled to any remuneration or benefits not set forth in the Plan or such Agreement, including the right to receive any future Grants under the Plan or any other plan of the Company or any subsidiary thereof or interfere with or limit the right of the Company or any subsidiary thereof to modify the terms of or terminate such individual's employment at any time.

SECTION 7.2 RESTRICTION ON TRANSFER.

The rights of a Participant with respect to Stock Options, Stock Appreciation Rights, Restricted Shares, Restricted Share Units or Phantom Shares shall not be transferable by the Participant to whom such Stock Options, Stock Appreciation Rights,

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Restricted Shares, Restricted Share Units or Phantom Shares are granted, except (i) by will or the laws of descent and distribution or (ii) with respect to Non-Qualified Stock Options, subject to the prior approval of the Committee, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, in each case subject to the condition that the Committee shall be satisfied that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor and subject to such other conditions as the Committee may impose.

SECTION 7.3 TAXES.

The Company or a subsidiary thereof, as appropriate, shall have the right to deduct from all payments made under the Plan to a Participant or to a Participant's estate any federal, state, local or other taxes required by law to be withheld with respect to such payments. The Committee, in its discretion, may require, as a condition to the exercise of any Stock Option or Stock Appreciation Right or delivery of any certificate(s) for shares of Class B Common Stock, that an additional amount be paid in cash equal to the amount of any federal, state, local or other taxes owed as a result of such exercise. Any Participant who makes an election under Section 83(b) of the Code to have his receipt of shares of Restricted Stock taxed in accordance with such election must give notice to the Company of such election immediately upon making a valid election in accordance with the rules and regulations of the Code. Any such election must be made in accordance with the rules and regulations of the Code.

SECTION 7.4 STOCKHOLDER RIGHTS.

No Grant under the Plan shall entitle a Participant or a Participant's estate or permitted transferee to any rights of a holder of shares of Class B Common Stock of the Company, except as provided in Article III with respect to Restricted Shares or when and until share certificates are delivered upon exercise of a Stock Option or when and until share certificates are delivered in settlement of a Stock Appreciation Right or a Restricted Share Unit.

SECTION 7.5 NO RESTRICTION ON RIGHT OF COMPANY TO EFFECT CORPORATE CHANGES.

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalization, reorganization or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stock whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

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SECTION 7.6 SOURCE OF PAYMENTS.

The general funds of the Company shall be the sole source of cash settlements of Stock Appreciation Rights or Restricted Share Units under the Plan and payments of Appreciation Value and the Company shall not have any obligation to establish any separate fund or trust or other segregation of assets to provide for payments under the Plan. 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 the Company and a Participant or any other person. To the extent a person acquires any rights to receive payments hereunder from the Company, such rights shall be no greater than those of an unsecured creditor.

SECTION 7.7 EXERCISE PERIODS FOLLOWING TERMINATION OF EMPLOYMENT.

For the purposes of determining the dates on which Grants may be exercised following a termination of employment or following the Retirement, death or Permanent Disability of a Participant, the day following the date of such event shall be the first day of the exercise period and the Grant may be exercised up to and including the last business day falling within the exercise period. Thus, if the last day of the exercise period is not a business day, then the last date a Grant may be exercised is the last business day preceding the end of the exercise period.

SECTION 7.8 BREACH OF AGREEMENTS.

The Committee may include in any Agreement a provision requiring the Participant to return gains (as defined by the Committee) realized on Grants made under the Plan in the event the Committee determines that a material breach of specified obligations under one or more written agreements between a Participant and the Company has occurred during the one year period after termination of the Participant's employment with the Company or a subsidiary.

ARTICLE VIII

AMENDMENT AND TERMINATION

The Plan may be terminated and may be altered, amended, suspended or terminated at any time, in whole or in part, by the Board; PROVIDED, HOWEVER, that no alteration or amendment will be effective without stockholder approval if such approval is required by law or under the rules of the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is listed. No termination or amendment of the Plan may, without the consent of the Participant to whom a grant has been made, adversely affect the rights of such Participant in the Stock Options, Stock Appreciation Rights, Restricted Shares, Restricted Share Units or Phantom Shares covered by such Grant. Unless previously terminated pursuant to this Article VIII, the

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Plan shall terminate on the fifth anniversary of the Effective Date (as defined below), and no further Grants may be awarded hereunder after such date.

ARTICLE IX

INTERPRETATION

SECTION 9.1 GOVERNMENTAL REGULATIONS.

The Plan, and all Grants hereunder, shall be subject to all applicable rules and regulations of governmental or other authorities.

SECTION 9.2 HEADINGS.

The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

SECTION 9.3 GOVERNING LAW.

The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

ARTICLE X

EFFECTIVE DATE AND STOCKHOLDER APPROVAL

The Plan became effective upon its adoption by the Board on May 25, 2000, subject to approval by the stockholders of the Company which approval was obtained on June 29, 2000. This amendment and restatement of the Plan became effective upon its adoption by the Board on January 31, 2001.

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March 22, 2001

Richard J. Bressler
c/o Viacom Inc.
1515 Broadway
New York, New York 10036

Dear Mr. Bressler:

Viacom Inc. ("Viacom"), 1515 Broadway, New York, New York 10036, agrees to employ you and you agree to accept such employment upon the following terms and conditions:

1. TERM. The term of your employment under this Agreement shall commence on March 22, 2001 (the "Commencement Date") and, unless terminated by Viacom or you pursuant to paragraph 8(a), (b) or (c), shall continue through and until the day preceding the fifth anniversary of the Commencement Date (the "End Date"). The period from the Commencement Date through the End Date is referred to as the "Term" notwithstanding any earlier termination of your employment for any reason.

2. DUTIES. You agree to devote your entire business time, attention and energies to the business of Viacom and its subsidiaries during your employment with Viacom. On the Commencement Date, you will become Senior Executive Vice President of Viacom and, commencing on May 1, 2001, you shall become Senior Executive Vice President, Chief Financial Officer of Viacom, in both cases, reporting directly and solely to the position of the President and Chief Operating Officer of Viacom (the "COO") or, in the event that Mel Karmazin is not the COO, to the Chief Executive Officer (the "CEO") of Viacom, and you agree to perform all duties reasonable and consistent with your respective offices as the COO or the CEO (in the event that you are reporting to the CEO) may assign to you from time to time. You will have such authority as is necessary for the performance of your obligations hereunder. Your principal place of business shall be Viacom's headquarters in the New York City metropolitan area.

3. COMPENSATION.

(a) SALARY. For all the services rendered by you in any capacity under this Agreement, Viacom agrees to pay you One Million Dollars (\$1,000,000) a year in base salary ("Salary"), less applicable deductions and withholding taxes, in accordance with Viacom's payroll practices as they may exist from time to time.

Richard J. Bressler
March 22, 2001
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(b) BONUS COMPENSATION. You also shall be entitled to receive annual bonus compensation ("Bonus") during your employment with Viacom under this Agreement, determined and payable as follows:

- (i) Your Bonus for each calendar year during your employment with Viacom under this Agreement will be determined in accordance with the Viacom Senior Executive Short-Term Incentive Plan, as the same may be amended from time to time (the "STIP").
- (ii) Your target bonus ("Target Bonus") for each of those calendar years shall be Two Million Five Hundred Thousand Dollars (\$2,500,000). Your Bonus for calendar year 2001 will not be prorated. Your Bonus may be prorated for the portion of the 2006 calendar year that you are employed under this Agreement.
- (iii) Your Bonus for any calendar year shall be payable, less applicable deductions and withholding taxes, by February 28th of the following year.

(c) DEFERRED COMPENSATION. In addition to your Salary and Bonus, you shall earn, in respect of calendar years 2002 through 2006, an additional amount ("Deferred Compensation"), the payment of which (together with the return thereon as provided in this paragraph 3(c)) shall be deferred until January of the first calendar year following the year in which you cease to be an "executive officer" of Viacom, as defined for purposes of the Securities Exchange Act of 1934, as amended. The amount of Deferred Compensation for calendar year 2002 shall be in an amount equal to no less than 7.5% of your Salary for 2001. The amount of Deferred Compensation for calendar years 2003

through 2006 shall be subject to annual increases each January 1st, commencing January 1, 2003, in an amount equal to no less than 7.5% of the sum of your Salary and Deferred Compensation for the preceding year. The amount of Deferred Compensation for calendar year 2006 shall be prorated for the period that you are employed under this Agreement. Deferred Compensation shall be credited to a bookkeeping account maintained by Viacom on your behalf, the balance of which account shall periodically be credited (or debited) with deemed positive (or negative) return calculated in the same manner, and at the same times, as the deemed return on your account under the excess 401(k) plan of Viacom (as such plan may be amended from time to time) is determined (it being understood and agreed that, if at any time during which the Deferred Compensation remains payable, your excess 401(k) account balance is distributed in full to you, your Deferred Compensation account shall continue to be credited or debited with a deemed return based on the investment portfolio in which your excess 401(k) account was notionally invested immediately prior to its distribution). Viacom's obligation to pay the Deferred Compensation (including the return thereon provided for in this paragraph 3(c)), shall be an unfunded obligation to be satisfied from the general funds of Viacom.

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(d) STOCK OPTIONS.

(i) OPTION GRANT. You shall be awarded a grant under Viacom's 2000 Long-Term Management Incentive Plan (the "2000 LTMIP") of stock options to purchase One Million (1,000,000) shares of Viacom's Class B Common Stock, effective as of your Commencement Date, with an exercise price equal to the closing price of a share of the Class B Common Stock on the NYSE on your Commencement Date. This grant shall vest in four equal installments on the first, second, third and fourth anniversaries of the date of grant.

(ii) ADDITIONAL GRANTS. In addition, during your employment under this Agreement, you shall be eligible to receive additional grants of stock options in the discretion of the Viacom Board of Directors or a committee of the Board.

4. BENEFITS; BUSINESS EXPENSES.

(a) BENEFITS. You shall participate in such medical, dental, long-term disability insurance, 401(k), pension and other plans as Viacom may have or establish from time to time and in which Viacom senior executives are eligible to participate, subject to the eligibility provisions of such plans. This provision, however, shall not be construed to either require Viacom to establish any welfare, compensation or long-term incentive plans, or to prevent the modification or termination of any plan once established, and no action or inaction with respect to any plan shall affect this Agreement. You shall be entitled to four (4) weeks vacation per year to be taken in accordance with Viacom policy.

(b) LIFE INSURANCE. You will be covered under Viacom's group term life policy in the amount of Five Million Dollars (\$5,000,000). Viacom will maintain such policy in effect for the entire Term even if your employment is terminated pursuant to paragraph 8(b) or 8(c) of this Agreement or if you become disabled and receive benefits under Viacom's LTD policy (as defined in paragraph 7). If this Agreement is not extended or renewed at the end of the Term, you can convert such policy at your expense to an individual policy.

(c) CAR ALLOWANCE AND INSURANCE. During your employment under this Agreement, you shall receive a car allowance in an amount equal to the amount provided to the other senior executives of Viacom who report to the COO and car insurance for one vehicle.

(d) BUSINESS EXPENSES. During your employment under this Agreement, Viacom shall reimburse you for such reasonable travel and other expenses incurred in the performance of your duties as are customarily reimbursed to Viacom executives at comparable levels.

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5. EXCISE TAXES. Notwithstanding anything herein to the contrary, if it is determined by Viacom, or by the Internal Revenue Service (the "IRS") pursuant to an IRS audit of your federal income tax return(s) (an "Audit"), that

any payment or benefit provided to you under this Agreement would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, or any interest or penalties with respect to such excise tax (such excise tax, together with any interest or penalties thereon, is herein referred to as the "Excise Tax"), then Viacom shall pay (either directly to the IRS as tax withholdings or to you as a reimbursement of any amount of taxes, interest and penalties paid by you to the IRS) both the Excise Tax and an additional cash payment (a "Gross-Up Payment") in an amount that will place you in the same after-tax economic position that you would have enjoyed if the payment or benefit had not been subject to the Excise Tax. The amount of the Gross-Up Payment shall be calculated by Viacom's regular independent auditors based on the amount of the Excise Tax paid by Viacom as determined by Viacom or the IRS. If the amount of the Excise Tax determined by the IRS is greater than an amount previously determined by Viacom, Viacom's auditors shall recalculate the amount of the Gross-Up Payment. You shall promptly notify Viacom of any IRS assertion during an Audit that an Excise Tax is due with respect to any payment or benefit, but you shall be under no obligation to defend against such claim by the IRS unless Viacom requests, in writing, that the you undertake the defense of such IRS claim on behalf of Viacom and at Viacom's sole expense. In such event, Viacom may elect to control the conduct to a final determination through counsel of its own choosing and at its sole expense, of any audit, administrative or judicial proceeding involving an asserted liability relating to the Excise Tax, and you shall not settle, compromise or concede such asserted Excise Tax and shall cooperate with Viacom in each phase of any contest.

6. NON-COMPETITION, CONFIDENTIAL INFORMATION, ETC.

(a) NON-COMPETITION. You agree that your employment with Viacom is on an exclusive basis and that, while you are employed by Viacom, you will not engage in any other business activity which is in conflict with your duties and obligations (including your commitment of time) under this Agreement. You agree that, during the Non-Compete Period (as defined below), you shall not directly or indirectly engage in or participate as an owner, partner, stockholder, officer, employee, director, agent of or consultant for any business competitive with any business of Viacom, without the written consent of Viacom; PROVIDED, HOWEVER, that this provision shall not prevent you from investing as less than a one (1%) percent stockholder in the securities of any company listed on a national securities exchange or quoted on an automated quotation system. The Non-Compete Period shall cover the entire Term; PROVIDED, HOWEVER, that, if your employment terminates before the end of the Term, the Non-Compete Period shall terminate, if earlier, (i) one year after you terminate your employment for Good Reason or Viacom terminates your employment without Cause, or on such earlier date as you may make the election under paragraph 6(j) (which relates to your ability to terminate your obligations under this paragraph 6(a) in exchange for waiving your right to certain compensation and benefits); or (ii) eighteen (18) months after Viacom terminates your employment for Cause or you resign without Good Reason. (Defined terms used without definitions in the preceding sentence have the meanings provided in paragraphs 8(a) and (b).)

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(b) CONFIDENTIAL INFORMATION. You agree that, during the Term or at any time thereafter, (i) you shall not use for any purpose other than the duly authorized business of Viacom, or disclose to any third party, any information relating to Viacom or any of its affiliated companies which is proprietary to Viacom or any of its affiliated companies ("Confidential Information"), including any trade secret or any written (including in any electronic form) or oral communication incorporating Confidential Information in any way (except as may be required by law or in the performance of your duties under this Agreement consistent with Viacom's policies); and (ii) you will comply with any and all confidentiality obligations of Viacom to a third party, whether arising under a written agreement or otherwise. Information shall not be deemed Confidential Information which (x) is or becomes generally available to the public other than as a result of a disclosure by you or at your direction or by any other person who directly or indirectly receives such information from you, or (y) is or becomes available to you on a non-confidential basis from a source which is entitled to disclose it to you.

(c) NO EMPLOYEE SOLICITATION. You agree that, during the Term and for one (1) year thereafter, you shall not, directly or indirectly, engage, employ or solicit the employment or consulting services of any person who is then or has been within six (6) months prior to the time of such action, an employee of Viacom or any of its affiliated companies, or agree to do so.

(d) VIACOM OWNERSHIP. The results and proceeds of your services under this Agreement, including, without limitation, any works of authorship resulting from your services during your employment with Viacom and/or any of

its affiliated companies and any works in progress resulting from such services, shall be works-made-for-hire and Viacom shall be deemed the sole owner throughout the universe of any and all rights of every nature in such works, whether such rights are now known or hereafter defined or discovered, with the right to use the works in perpetuity in any manner Viacom determines in its sole discretion without any further payment to you. If, for any reason, any of such results and proceeds are not legally deemed a work-made-for-hire and/or there are any rights in such results and proceeds which do not accrue to Viacom under the preceding sentence, then you hereby irrevocably assign and agree to assign any and all of your right, title and interest thereto, including, without limitation, any and all copyrights, patents, trade secrets, trademarks and/or other rights of every nature in the work, whether now known or hereafter defined or discovered, and Viacom shall have the right to use the work in perpetuity throughout the universe in any manner Viacom determines in its sole discretion without any further payment to you. You shall, as may be requested by Viacom from time to time, do any and all things which Viacom may deem useful or desirable to establish or document Viacom's rights in any such results and proceeds, including, without limitation, the execution of appropriate copyright, trademark and/or patent applications, assignments or similar documents and, if you are unavailable or unwilling to execute such documents, you hereby irrevocably designate the CEO or his designee as your attorney-in-fact with the power to execute such documents on your behalf. To the extent you have any rights in the results and proceeds of

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your services under this Agreement that cannot be assigned as described above, you unconditionally and irrevocably waive the enforcement of such rights. This paragraph 6(d) is subject to, and does not limit, restrict, or constitute a waiver by Viacom or any of its affiliated companies of any ownership rights to which Viacom or any of its affiliated companies may be entitled by operation of law by virtue of being your employer.

(e) LITIGATION. You agree that, during the Term, for one (1) year thereafter and, if longer, during the pendency of any litigation or other proceeding, (i) you shall not communicate with anyone (other than your own attorneys and tax advisors), except to the extent necessary in the performance of your duties under this Agreement, with respect to the facts or subject matter of any pending or potential litigation, or regulatory or administrative proceeding involving Viacom or any of Viacom's affiliated companies, other than any litigation or other proceeding in which you are a party-in-opposition, without giving prior notice to Viacom or Viacom's counsel; and (ii) in the event that any other party attempts to obtain information or documents from you with respect to matters possibly related to such litigation or other proceeding, you shall promptly notify Viacom's counsel before providing such information or documents.

(f) NO RIGHT TO GIVE INTERVIEWS OR WRITE BOOKS, ARTICLES, ETC. During the Term, except as authorized by Viacom, you shall not (i) give any interviews or speeches, or (ii) prepare or assist any person or entity in the preparation of any books, articles, television or motion picture productions or other creations, in either case, concerning Viacom or any of its affiliated companies or any of their respective officers, directors, agents, employees, suppliers or customers.

(g) RETURN OF PROPERTY. All documents, data, recordings, or other property, whether tangible or intangible, including all information stored in electronic form, obtained or prepared by or for you and utilized by you in the course of your employment with Viacom or any of its affiliated companies shall remain the exclusive property of Viacom. In the event of the termination of your employment for any reason, Viacom reserves the right, to the extent permitted by law and in addition to any other remedy Viacom may have, to deduct from any monies otherwise payable to you the following: (i) all amounts you may owe to Viacom or any of its affiliated companies at the time of or subsequent to the termination of your employment with Viacom; and (ii) the value of the Viacom property which you retain in your possession after the termination of your employment with Viacom. In the event that the law of any state or other jurisdiction requires the consent of an employee for such deductions, this Agreement shall serve as such consent.

(h) NON-DISPARAGEMENT. You agree that, during the Term and for one year thereafter, you shall not, in any communications with the press or other media or any customer, client or supplier of Viacom or any of its affiliated companies, criticize, ridicule or make any statement which disparages or is derogatory of Viacom or any of its affiliated companies or any

of their respective directors or senior officers, and Viacom agrees that its senior officers, including the Chairmen of its divisions, shall not, for the same period of time, criticize, ridicule or make any statements which disparage or are derogatory of you.

(i) INJUNCTIVE RELIEF. Viacom has entered into this Agreement in order to obtain the benefit of your unique skills, talent, and experience. You acknowledge and agree that any violation of paragraphs 6(a) through (h) of this Agreement will result in irreparable damage to Viacom, and, accordingly, Viacom may obtain injunctive and other equitable relief for any breach or threatened breach of such paragraphs, in addition to any other remedies available to Viacom.

(j) SURVIVAL; MODIFICATION OF TERMS. Your obligations under paragraphs 6(a) through (i) shall remain in full force and effect for the entire period provided therein notwithstanding the termination of your employment under this Agreement for any reason or the expiration of the Term; PROVIDED, HOWEVER, that your obligations under paragraph 6(a) (but not under any other provision of this Agreement) shall cease if you terminate your employment for Good Reason or Viacom terminates your employment without Cause and you notify Viacom in writing that you have elected to waive your right to receive, or to continue to receive, termination payments and benefits under paragraphs 8(d)(i) through (vii), paragraph 8(d)(ix) and/or 8(e). You and Viacom agree that the restrictions and remedies contained in paragraphs 6(a) through (i) are reasonable and that it is your intention and the intention of Viacom that such restrictions and remedies shall be enforceable to the fullest extent permissible by law. If a court of competent jurisdiction shall find that any such restriction or remedy is unenforceable but would be enforceable if some part were deleted or the period or area of application reduced, then such restriction or remedy shall apply with the modification necessary to make it enforceable.

7. DISABILITY. In the event that you become "disabled" within the meaning of such term under Viacom's Short-Term Disability ("STD") program and its Long-Term Disability ("LTD") program during the Term (such condition is referred to as a "Disability"), you will receive compensation under the STD program in accordance with its terms. Thereafter, you will be eligible to receive benefits under the LTD program in accordance with its terms. If you have not returned to work by December 31st of a calendar year during the Term, you will receive bonus compensation for the calendar year(s) during the Term in which you receive compensation under the STD program, determined as follows:

(i) for the portion of the calendar year from January 1st until the date on which you first receive compensation under the STD program, bonus compensation shall be determined in accordance with the STIP (i.e., based upon Viacom's achievement of its goals and Viacom's good faith estimate of your achievement of your personal goals) and prorated for such period;

(ii) for any subsequent portion of that calendar year and any portion of the following calendar year in which you receive compensation under the STD program, bonus compensation shall be in an amount equal to your Target Bonus and prorated for such period(s); and

(iii) prorated Deferred Compensation for the calendar year in which such benefits commence and Deferred Compensation attributable to prior calendar years, payable, together with the return thereon as provided in paragraph 3(c), prior to January 31 of the calendar year following the calendar year in which such benefits commence.

Bonus compensation under this paragraph 7 shall be paid, less applicable deductions and withholding taxes, by February 28th of the year(s) following the year as to which such bonus compensation is payable. You will not receive bonus compensation for any portion of the calendar year(s) during the Term while you receive benefits under the LTD program. For the periods that you receive compensation and benefits under the STD and LTD programs, such compensation and benefits and the bonus compensation provided under this paragraph 7 are in lieu of Salary and Bonus under paragraphs 3(a) and (b). The stock options granted to you under the LTMIP (as defined in paragraph 8(d)(viii)) which are exercisable

on or prior to the date on which benefits commence under the LTD program, together with all LTMIP stock options that would have vested and become exercisable on or before the last day of the Term (which options shall become immediately vested and exercisable), shall be exercisable until the third anniversary of the date on which such benefits commence or, if earlier, the expiration date of the stock options.

8. TERMINATION.

(a) TERMINATION FOR CAUSE. Viacom may, at its option, terminate your employment under this Agreement forthwith for Cause and thereafter shall have no further obligations under this Agreement, including, without limitation, any obligation to pay Salary or Bonus or provide benefit except as provided in the final sentence of this paragraph 8(a). Cause shall mean: (i) embezzlement, fraud or other conduct which would constitute a felony; (ii) conviction of a felony; (iii) willful unauthorized disclosure of Confidential Information; (iv) your material breach of this Agreement; or (v) your failure (except in the event of your Disability) or refusal to substantially perform your material obligations under this Agreement. Viacom will give you written notice prior to terminating your employment pursuant to (iv) or (v) of this paragraph 8(a), setting forth the nature of any alleged failure, breach or refusal in reasonable detail and the conduct required to cure. Except for a failure, breach or refusal which, by its nature, cannot reasonably be expected to be cured, you shall have ten (10) business days from the giving of such notice within which to cure any failure, breach or refusal under (iv) or (v) of this paragraph 8(a); PROVIDED, HOWEVER, that, if Viacom reasonably expects irreparable injury from a delay of ten (10) business days, Viacom may give you notice of such shorter period within which to cure as is reasonable under the circumstances. In the event that your employment is

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terminated by Viacom for Cause pursuant to this paragraph 8(a) or you resign without Good Reason, you shall be entitled to receive (i) any unpaid Salary through your termination or resignation date, and (ii) prorated Deferred Compensation for the calendar year in which the termination or resignation occurs, and Deferred Compensation attributable to prior calendar years payable, together with the return thereon as provided in paragraph 3(c), prior to January 31 of the following calendar year.

(b) GOOD REASON TERMINATION. You may terminate your employment under this Agreement for Good Reason at any time during the Term by written notice to Viacom no more than thirty (30) days after the occurrence of the event constituting Good Reason. Such notice shall state an effective date no earlier than thirty (30) business days after the date it is given. Viacom shall have ten (10) business days from the giving of such notice within which to cure and, in the event of such cure, your notice shall be of no further force or effect. Good Reason shall mean without your consent (other than in connection with the termination or suspension of your employment or duties for Cause or in connection with your Disability):

- (i) the assignment to you by Viacom of duties substantially inconsistent with your positions, duties, responsibilities, titles or offices, the withdrawal of a material part of your responsibilities or a change in your reporting relationship, as set forth in paragraph 2;
- (ii) a reduction by Viacom in your Salary, Target Bonus or Deferred Compensation as in effect at the date hereof or as the same may be increased from time to time during the Term;
- (iii) Viacom's requiring you to be based anywhere other than the New York City metropolitan area, except for required travel on Viacom's business to any extent substantially consistent with business travel obligations of other senior executives of Viacom; or
- (iv) the material breach by Viacom of its material obligations hereunder.

(c) TERMINATION WITHOUT CAUSE. Viacom may terminate your employment under this Agreement without Cause at any time during the Term by written notice to you.

(d) TERMINATION PAYMENTS/BENEFITS. In the event that your employment terminates under paragraph 8(b) or (c), you shall thereafter receive,

less applicable withholding taxes:

- (i) your Salary, as in effect on the date on which your employment terminates, until the end of the Term, paid in accordance with Viacom's then effective payroll practices;

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- (ii) bonus compensation for the calendar year in which such termination occurs, payable by February 28th of the following year, determined as follows:
 - (x) for the portion of the calendar year from January 1st until the date of the termination, bonus compensation shall be determined in accordance with the STIP (i.e., based on Viacom's achievement of its goals and Viacom's good faith estimate of your achievement of your personal goals) and prorated for such period; and
 - (y) for the remaining portion of such calendar year during the Term, bonus compensation shall be in an amount equal to your Target Bonus and prorated for such period;
- (iii) bonus compensation for each subsequent calendar year or portion thereof during the Term, in an amount equal to your Target Bonus, prorated for any partial calendar year and payable by February 28th of the following year;
- (iv) Deferred Compensation for the 2002 through 2006 calendar years as set forth in paragraph 3(c); Deferred Compensation attributable to the calendar year in which the termination occurs and to prior calendar years shall be payable, together with the return thereon as provided in paragraph 3(c), prior to January 31 of the calendar year following such termination; and Deferred Compensation attributable to subsequent calendar years shall be payable, together with the return thereon as provided in paragraph 3(c), prior to January 31, of each such following year;
- (v) your car allowance and insurance until the end of the Term, paid in accordance with Viacom's then effective payroll practices;
- (vi) medical and dental insurance coverage provided under COBRA at no cost to you (except as hereafter described) pursuant to Viacom's then-current benefit plans until the end of the Term or, if earlier, the date on which you become eligible for medical and dental coverage from a third party; PROVIDED, that, during the period that Viacom provides you with this coverage, an amount equal to the applicable COBRA premiums (or such other amounts as may be required by law) will be included in your income for tax purposes to the extent required by law and Viacom may withhold taxes from your compensation for this purpose; and PROVIDED, FURTHER, that you may elect to continue your medical and dental insurance coverage under COBRA at your own expense for the balance, if any, of the period required by law;

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- (vii) life insurance coverage until the end of the Term as set forth in paragraph 4(b);
- (viii) the following with respect to any stock options granted to you under the 2000 LTMIP and any predecessor or successor plans ("LTMIP"):
 - (x) all LTMIP stock options that have not vested and become exercisable on the date of such termination but that would have vested on or before the end of the Term shall vest on the date of termination; such LTMIP stock options shall remain exercisable for one (1) year after such date or, if earlier, until their expiration date; and

(y) all outstanding LTMIIP stock options that have previously vested and become exercisable by the date of such termination shall remain exercisable for one (1) year after such date or, if earlier, until their expiration date; and

(ix) the provision of an appropriate office and secretarial assistance for one (1) year after the termination of your employment.

You shall be required to mitigate the amount of any payment provided for in (i) through (v) of this paragraph 8(d) by seeking other employment, and the amount of such payments shall be reduced by any compensation earned by you from any source, including, without limitation, salary, sign-on or annual bonus compensation, consulting fees, commission payments, car allowance and, in the event you receive long-term compensation with a present value, as reasonably determined by Viacom, greater than you would likely have received from Viacom during a comparable period (based on historical grants of long-term compensation during your service with Viacom and Viacom's practices with respect to your position, and prorating the value of such long-term compensation over the term of service required to vest therein), in each case as reasonably determined by Viacom, the amount of such excess; PROVIDED, that mitigation shall not be required, and no reduction for other compensation shall be made, for eighteen (18) months after the termination of your employment or, if less, the balance of the Term.

(e) NON-RENEWAL NOTICE/PAYMENTS. If Viacom elects not to extend or renew this Agreement at the end of the Term, you shall receive the following:

(i) If (x) Viacom notifies you less than eighteen (18) months before the end of the Term that it has elected not to extend or renew this Agreement (such notice is referred to as a "Non-Renewal Notice"), or (y) your employment terminates under paragraph 8(b) or (c) during the final eighteen (18) months of the Term, you shall continue to receive, after your employment terminates, your then-current Salary for the balance of the eighteen (18) months from the date on which the Non-Renewal Notice is given or your employment terminates, whichever is earlier.

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(ii) If Viacom does not give you a Non-Renewal Notice by the end of the Term and you remain employed through that date but have not entered into a new contractual relationship with Viacom or any of its affiliated companies, and Viacom thereafter terminates your employment without Cause, you shall continue to receive your then-current Salary for the balance, if any, of the eighteen (18) months after the expiration of the Term.

Notwithstanding the foregoing, you shall not receive Salary under this paragraph 8(e) with respect to any period for which you receive Salary under paragraph 8(d)(i). Payments under this paragraph 8(e) shall be made, less applicable withholding taxes, in accordance with Viacom's then effective payroll practices. You shall be required to mitigate the amount of any payment under this paragraph 8(e) by seeking other employment, and the amount of any such payment shall be reduced by any compensation earned by you from any source, including, without limitation, salary, sign-on or annual bonus compensation, consulting fees, commission payments, car allowance and, in the event you receive long-term compensation with a present value, as reasonably determined by Viacom, greater than you would likely have received from Viacom during a comparable period (based on historical grants of long-term compensation during your service with Viacom and Viacom's practices with respect to your position, and prorating the value of such long-term compensation over the term of service required to vest therein), in each case as reasonably determined by Viacom, the amount of such excess; PROVIDED, that mitigation shall not be required for twelve (12) months after the termination of your employment (although deduction will be made for all compensation earned during this period and any subsequent period during which payments are made pursuant to this paragraph 8(e)).

(f) TERMINATION OF BENEFITS. Notwithstanding anything in this Agreement to the contrary (except as otherwise provided in paragraph 8(d) with respect to medical and dental benefits and life insurance), participation in all Viacom benefit plans and programs (including, without limitation, vacation accrual, the Viacom Investment Plan, the Viacom Pension Plan and the related

excess plans, LTD, car insurance and accidental death and dismemberment and business travel and accident insurance) will terminate upon the termination of your employment except to the extent otherwise expressly provided in such plans or programs and subject to any vested rights you may have under the terms of such plans or programs. The foregoing shall not apply to the LTMIP and, after the termination of your employment, your rights under the LTMIP shall be governed by the terms of the LTMIP option agreements and the applicable LTMIP plans together with paragraph 8(d)(viii).

(g) RESIGNATION FROM OFFICIAL POSITIONS. If your employment with Viacom terminates for any reason, you shall be deemed to have resigned at that time from any and all officer or director positions that you may have held with Viacom or any of its affiliated companies and all board seats or other positions in other entities you held on behalf of Viacom. If, for any reason, this paragraph 8(g) is deemed insufficient to effectuate such resignation, you agree to execute, upon the request of Viacom, any documents or instruments which Viacom may deem necessary or desirable to effectuate such resignation or resignations, and you hereby

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authorize the Secretary and any Assistant Secretary of Viacom to execute any such documents or instruments as your attorney-in-fact.

9. DEATH. In the event of your death prior to the end of the Term while actively employed, your beneficiary or estate shall receive (i) your Salary up to the date on which the death occurs; (ii) any Bonus earned in the prior year but not yet paid; and (iii) bonus compensation for the calendar year in which the death occurs, determined in accordance with the STIP (i.e., based upon Viacom's achievement of its goals and Viacom's good faith estimate of your achievement of your personal goals) and pro-rated for the portion of the year through the date of death, payable, less applicable deductions and withholding taxes, by February 28th of the following year. In the event of your death after the termination of your employment while you are entitled to receive compensation under paragraph 8(d) or (e), your beneficiary or estate shall receive (x) any Salary payable under paragraph 8(d)(i) or 8(e) up to the date on which the death occurs; (y) any bonus compensation earned under paragraph 8(d)(ii) or (iii) with respect to the prior year but not yet paid; and (Z) any bonus compensation for the calendar year in which the death occurs, determined in accordance with paragraph 8(d)(ii) or (iii) and pro-rated for the portion of the year through the date of death, payable, less applicable deductions and withholding taxes, by February 28th of the following year. In addition, your beneficiary or estate shall receive prorated Deferred Compensation for the calendar year in which the death occurs and Deferred Compensation attributable to prior calendar years payable, together with the return thereon as provided in paragraph 3(c), prior to January 31 of the following calendar year. Your beneficiary or estate or permitted transferee shall also be entitled to exercise LTMIP stock options which are exercisable on or prior to your death, together with all LTMIP stock options that would have vested and become exercisable on or prior to the last day of the Term but for your death (which options shall immediately become vested and exercisable), until the second anniversary of the date of death or, if earlier, the expiration date of the stock options.

10. NO ACCEPTANCE OF PAYMENTS. You represent that you have not accepted or given nor will you accept or give, directly or indirectly, any money, services or other valuable consideration from or to anyone other than Viacom for the inclusion of any matter as part of any film, television program or other production produced, distributed and/or developed by Viacom and/or any of its affiliated companies.

11. EQUAL OPPORTUNITY EMPLOYER; EMPLOYEE STATEMENT OF BUSINESS CONDUCT. You recognize that Viacom is an equal opportunity employer. You agree that you will comply with Viacom policies regarding employment practices and with applicable federal, state and local laws prohibiting discrimination on the basis of race, color, sex, religion, national origin, citizenship, age, marital status, sexual orientation, disability or veteran status. In addition, you agree that you will comply with the Viacom Employee Statement of Business Conduct.

12. INDEMNIFICATION. Viacom hereby agrees that it shall indemnify and hold you harmless to the maximum extent permitted by law. Neither the determination of Viacom, its Board of Directors, independent legal counsel or stockholders that you are not entitled to indemnification or the failure of any or all of them to make any determination regarding such entitlement shall create any presumption or inference that you have not met the applicable

standard of conduct. If you have any knowledge of any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, as to which you may request indemnity under this provision (a "Proceeding"), you will give Viacom prompt written notice thereof; PROVIDED, that the failure to give such notice shall not affect your right to indemnification. Viacom shall be entitled to assume the defense of any Proceeding and you will use reasonable efforts to cooperate with such defense. To the extent that you in good faith determine that there is an actual or potential conflict of interest between Viacom and you in connection with the defense of a Proceeding, you shall so notify Viacom and shall be entitled to separate representation by counsel selected by you (provided that Viacom may reasonably object to the selection of counsel within five (5) business days after notification thereof) which counsel shall cooperate, and coordinate the defense, with Viacom's counsel and minimize the expense of such separate representation to the extent consistent with your separate defense. Viacom shall not be liable for any settlement of any Proceeding effected without its prior written consent. You shall be entitled to advancement of expenses incurred by you in defending any Proceeding upon receipt of an undertaking by you or on your behalf to repay such amount if it shall ultimately be determined that you are not entitled to be indemnified by Viacom. The provisions of this paragraph 12 shall remain available to you for conduct that occurred while you were employed by Viacom even if the Proceeding should commence after the termination of such employment.

13. NOTICES. All notices under this Agreement must be given in writing, by personal delivery or by mail, at the parties' respective addresses shown on this Agreement (or any other address designated in writing by either party), with a copy, in the case of Viacom, to the attention of the General Counsel of Viacom and with a copy, in your case, to Mark E. Brossman, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022. Any notice given by mail shall be deemed to have been given three (3) days following such mailing.

14. ASSIGNMENT. This is an Agreement for the performance of personal services by you and may not be assigned by you or Viacom except that Viacom may assign this Agreement to any affiliated company of or any successor in interest to Viacom.

15. NEW YORK LAW, ETC. YOU ACKNOWLEDGE THAT THIS AGREEMENT HAS BEEN EXECUTED, IN WHOLE OR IN PART, IN NEW YORK, AND YOUR EMPLOYMENT DUTIES ARE PRIMARILY PERFORMED IN NEW YORK. ACCORDINGLY, YOU AGREE THAT THIS AGREEMENT AND ALL MATTERS OR ISSUES ARISING OUT OF OR RELATING TO YOUR VIACOM EMPLOYMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS ENTERED INTO AND PERFORMED ENTIRELY THEREIN. ANY ACTION TO ENFORCE THIS AGREEMENT SHALL BE BROUGHT SOLELY IN THE STATE OR FEDERAL COURTS LOCATED IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN.

16. NO IMPLIED CONTRACT. Nothing contained in this Agreement shall be construed to impose any obligation on Viacom or you to renew this Agreement or any portion thereof. The parties intend to be bound only upon execution of a written agreement and no negotiation, exchange of draft or partial performance shall be deemed to imply an agreement. Neither the continuation of employment nor any other conduct shall be deemed to imply a continuing agreement upon the expiration of the Term.

17. ENTIRE UNDERSTANDING. This Agreement contains the entire understanding of the parties hereto relating to the subject matter contained in this Agreement, and can be changed only by a writing signed by both parties.

18. VOID PROVISIONS. If any provision of this Agreement, as applied to either party or to any circumstances, shall be found by a court of competent jurisdiction to be unenforceable but would be enforceable if some part were deleted or the period or area of application were reduced, then such provision shall apply with the modification necessary to make it enforceable, and shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement.

19. SUPERSEDES PRIOR AGREEMENTS. With respect to the period covered by the Term, this Agreement supersedes and cancels all prior agreements relating to your employment by Viacom or any of its affiliated companies.

If the foregoing correctly sets forth our understanding, please sign, date and return all three (3) copies of this Agreement to the undersigned for execution on behalf of Viacom; after this Agreement has been executed by Viacom and a fully-executed copy returned to you, it shall constitute a binding agreement between us.

Very truly yours,

VIACOM INC.

By: /s/William A. Roskin

Name: William A. Roskin
Title: Senior Vice President,
Human Resources and
Administration

ACCEPTED AND AGREED:

/s/Richard J. Bressler

Richard J. Bressler

Dated: March 22, 2001

AMENDMENT NO. 1
TO
FIVE-YEAR CREDIT AGREEMENT

This AMENDMENT NO. 1, dated as of March 5, 2002 (this "AMENDMENT"), is made by and among VIACOM INC., a Delaware corporation ("VIACOM"), the entity listed on the signature pages of this Amendment as a "Subsidiary Borrower" (the "SUBSIDIARY BORROWER"; Viacom and the Subsidiary Borrower being referred to herein, collectively, as the "BORROWERS"), the banks listed on the signature pages of this Amendment as "Lenders" (the "LENDERS"), and JPMORGAN CHASE BANK (as successor to The Chase Manhattan Bank), as administrative agent for the Lenders (the "ADMINISTRATIVE AGENT").

PRELIMINARY STATEMENT:

Viacom, the Subsidiary Borrower, 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 (the "EXISTING AGREEMENT"; the Existing Agreement, as amended by this Amendment, being referred to herein as the "AMENDED AGREEMENT"). The Borrowers now wish 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:

"364-DAY FACILITY EXPOSURE" shall mean on any day the aggregate principal amount of Loans (as defined in the 364-Day Credit Agreement) outstanding under the 364-Day Credit Agreement on such day.

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"364-DAY FACILITY TOTAL COMMITMENT" shall mean on any day the Total Commitment (as defined in the 364-Day Credit Agreement) (or, on any day after termination of the Commitments (as defined in the 364-Day Credit Agreement), the Total Commitment in effect immediately preceding such termination) under the 364-Day Credit Agreement on such day.

(b) 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 (i) the numerator of which is the sum of (A) the Total Revolving Facility Exposure, including the aggregate outstanding principal amount of Letters of Credit, Swingline Loans and Competitive Loans, PLUS (B) the Total Canadian Facility Exposure, PLUS (C) the 364-Day Facility Exposure, and (ii) the denominator of which is the sum of (A) 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 (B) the 364-Day Facility Total Commitment.

(c) 364-DAY CREDIT AGREEMENT. The definition of "364-DAY CREDIT AGREEMENT" contained in Section 1.1 is hereby amended in its entirety to read as follows:

"364-DAY CREDIT AGREEMENT" shall mean the 364-Day Credit Agreement, dated as of March 5, 2002, 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 Fleet National Bank and Bank of America, N.A., as co-documentation agents, as the same may be amended, supplemented,

restated or otherwise modified from time to time.

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 364-Day Credit Agreement (as defined in Section 1(c) 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 Subsidiary Borrower, the Required Lenders and the Administrative Agent (PROVIDED, that any Lender that executes the 364-Day Credit Agreement (as defined in Section 1(c) above) shall be deemed to have delivered a counterpart of this Amendment), and (ii) the consent of Viacom International,

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substantially in the form of Exhibit A hereto (the "CONSENT"), duly executed by an authorized officer of Viacom International.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF BORROWERS. Viacom hereby represents and warrants, and the Subsidiary Borrower hereby represents and warrants (to the extent specifically applicable to the Subsidiary Borrower), 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 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.

(b) CORPORATE ACTION. Each 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 each Borrower of this Amendment, and the performance by each Borrower of this Amendment and the Amended Agreement, have been duly authorized by all necessary corporate action on such Borrower's part; this Amendment has been duly and validly executed and delivered by each Borrower; and each of this Amendment and the Amended 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 (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 each 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

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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 constitute 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.

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.

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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: Vice President and Treasurer

FAMOUS PLAYERS INC., a Canadian company, as a
Subsidiary Borrower

By /s/ Michael D. Fricklas

Name: Michael D. Fricklas
Title: Executive Vice President and Secretary

JP MORGAN CHASE BANK, as Administrative Agent and
as agent for the Lenders party to the 364-Day
Credit Agreement

By /s/ Thomas H. Kozlark

Name: Thomas H. Kozlark
Title: Vice President

Signature Page to Amendment No. 1 to the Five-Year Credit Agreement

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LENDERS

JP MORGAN CHASE BANK, as a Lender

By /s/ Thomas H. Kozlark

Name: Thomas H. Kozlark
Title: Vice President

JP MORGAN CHASE 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 CANADA, as a Lender

By /s/ Adam Shepard

Name: Adam Shepard, Director
Title: GRB/Toronto

Signature Page to Amendment No. 1 to the Five-Year Credit Agreement

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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 a
Lender

By /s/ Leo E. Pagarigan

Name: Leo E. Pagarigan
Title: Vice President

THE BANK OF NEW YORK, as a Lender

By /s/ John R. Ciulla

Name: John R. Ciulla
Title: Vice President

Signature Page to Amendment No. 1 to the Five-Year Credit Agreement

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THE BANK OF TOKYO-MITSUBISHI, LTD., NEW YORK
BRANCH, as a Lender

By /s/ Jeffrey Millar

Name: Jeffrey Millar
Title: Authorized Signatory

DEUTSCHE BANK AG, NEW YORK BRANCH, as a Lender

By /s/ William McGinty

Name: William McGinty
Title: Director

By /s/ Christopher Hall

Name: Christopher Hall
Title: Managing Director

DEUTSCHE BANK CANADA AG, Canada Branch, as a
Lender

By /s/ Jens Lohmueller

Name: Jens Lohmueller
Title: Vice President

By /s/ Robert A. Johnston

Name: Robert A. Johnston
Title: Vice President

Signature Page to Amendment No. 1 to the Five-Year Credit Agreement

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THE DAI-ICHI KANGYO BANK LTD., as a Lender

By /s/ Yudesh Sohan

Name: Yudesh Sohan
Title: Credit Officer

THE FUJI BANK, LIMITED, as a Lender

By /s/ Raymond Ventura

Name: Raymond Ventura
Title: Senior Vice President

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, NEW YORK BRANCH, as a Lender

By -----
Name:
Title:

THE BANK OF NOVA SCOTIA, as a Lender

By /s/ Brenda S. Insull

Name: Brenda S. Insull
Title: Authorized Signatory

BARCLAYS BANK PLC, as a Lender

By /s/ Daniele Iacovone

Name: Daniele Iacovone
Title: Director

Signature Page to Amendment No. 1 to the Five-Year Credit Agreement

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UFJ BANK LIMITED, as a Lender

By -----
Name:
Title:

DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN
BRANCHES, as a Lender

By /s/ William E. Lambert

Name: William E. Lambert
Title: Vice President

By /s/ Michael S. Greenberg

Name: Michael S. Greenberg
Title: Associate

MELLON BANK, N.A., as a Lender

By /s/ Raghunatha Reddy

Name: Raghunatha Reddy
Title: Lending Officer

CREDIT SUISSE FIRST BOSTON, as a Lender

By /s/ David L. Sawyer

Name: David L. Sawyer
Title: Director

By /s/ Ian W. Nalitt

Name: Ian W. Nalitt
Title: Associate

CREDIT SUISSE FIRST BOSTON, as a
Lender through its Toronto office

By /s/ W. M. McFarland

Name: W. M. McFarland
Title: Vice President

By /s/ Peter Chauvin

Name: Peter Chauvin
Title: Vice President

BANK ONE, NA, as a Lender

By /s/ Curtis R. Worthington

Name: Curtis R. Worthington
Title: Associate Director

BANK ONE, NA, Canada Branch, as a Lender

By /s/ Curtis R. Worthington

Name: Curtis R. Worthington
Title: Associate Director

THE ROYAL BANK OF SCOTLAND PLC, as a Lender

By /s/ Clark McGinn

Name: Clark McGinn
Title: Senior Vice President

WACHOVIA BANK, N.A., as a Lender

By /s/ John G. Taylor

Name: John G. Taylor

Title: Vice President

WESTDEUTSCHE LANDESBANK GIRONZENTRALE,
NEW YORK BRANCH, as a Lender

By /s/ Lucie Guernsey

Name: Lucie Guernsey
Title: Director

By /s/ Lisa Walker

Name: Lisa Walker
Title: Associate Director

Signature Page to Amendment No. 1 to the Five-Year Credit Agreement

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LLOYDS TSB BANK PLC, as a Lender

By /s/ Windsor R. Davies

Name: Windsor R. Davies
Title: Director, Corporate Banking, USA
D061

By /s/ Catherine Rankin

Name: Catherine Rankin
Title: Assistant Vice President,
Corporate Banking, USA
B027

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:

Signature Page to Amendment No. 1 to the Five-Year Credit Agreement

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ABN AMRO BANK N.V., as a Lender

By /s/ David Carrington

Name: David Carrington
Title: Group Vice President

By /s/ Thomas Cha

Name: Thomas Cha
Title: Assistant Vice President

UBS AG, STAMFORD BRANCH, as a Lender

By /s/ Patricia O'Kicki

Name: Patricia O'Kicki
Title: Director
Banking Products Services

By /s/ Wilfred V. Saint

Name: Wilfred V. Saint
Title: Associate Director
Banking Products
Services, US

MERRILL LYNCH BANK USA, as a Lender

By /s/ D. Kevin Imlay

Name: D. Kevin Imlay
Title: Senior Credit Officer

Signature Page to Amendment No. 1 to the Five-Year Credit Agreement

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NATIONAL AUSTRALIA BANK LIMITED, as a Lender

By /s/ Eduardo Salazar

Name: Eduardo Salazar
Title: Director

Signature Page to Amendment No. 1 to the Five-Year Credit Agreement

EXHIBIT A

CONSENT

The undersigned, as a guarantor under Section 8.2 of that certain Five-Year Credit Agreement, dated as of March 7, 2001 (the "CREDIT AGREEMENT", the terms defined therein being used herein as therein defined), among Viacom, Inc., Viacom International Inc., the Subsidiary Borrowers designated from time to time, the Lenders parties thereto, JPMorgan Chase Bank (successor to The Chase Manhattan Bank), as Administrative Agent, Salomon Smith Barney Inc., as Syndication Agent, and Fleet National Bank and Bank of America, N.A., as Co-Documentation Agents, (i) hereby consents to Amendment No. 1, dated as of March 5, 2002, to the Credit Agreement, and (ii) hereby confirms and agrees that the guarantee contained in Section 8.2 of the Credit Agreement is, and shall continue to be, in full force and effect and is hereby confirmed and ratified in all respects except that, on and after the effective date of said Amendment No. 1, each reference in Section 8.2 of the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement, as amended by said Amendment No. 1.

March 5, 2002

VIACOM INTERNATIONAL INC.

By /s/ Robert G. Freedline

Name: Robert G. Freedline
Title: Vice President and Treasurer

\$1,800,000,000

364-DAY CREDIT AGREEMENT

among

VIACOM INC.,

VIACOM INTERNATIONAL INC.,

THE SUBSIDIARY BORROWERS PARTIES HERETO,

THE LENDERS NAMED HEREIN,

JP MORGAN CHASE BANK,
as Administrative Agent,

SALOMON SMITH BARNEY INC.,
as Syndication Agent, and

FLEET NATIONAL BANK and BANK OF AMERICA, N.A.,
as Co-Documentation Agents

Dated as of March 5, 2002

JPMORGAN SECURITIES INC.

and

SALOMON SMITH BARNEY INC.,
as Joint Lead Arrangers

JPMORGAN SECURITIES INC.,
as Sole Bookrunner

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Exhibit B-1 Form of Revolving Credit Borrowing Request

Exhibit B-2 Form of Subsidiary Borrower Designation

Exhibit B-3 Form of Subsidiary Borrower Request

Exhibit C Form of Assignment and Acceptance

Exhibit D Form of Confidentiality Agreement

Exhibit E Form of Closing Certificate

Exhibit F Form of New Lender Supplement

Exhibit G Form of Commitment Increase Letter

Exhibit H Form of Amendment No. 1 to Five-Year Credit Agreement

SCHEDULES

Schedule 1.1 Commitments; Addresses for Notices

Schedule 1.1(a) Guarantees

Schedule 5.6 Subsidiary Indebtedness

among VIACOM INC., a Delaware corporation ("VIACOM"), each Subsidiary Borrower (as herein defined); VIACOM INTERNATIONAL INC., a Delaware corporation ("VIACOM INTERNATIONAL"); 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; SALOMON SMITH BARNEY INC., a New York corporation, as syndication agent for the Lenders (in such capacity, the "SYNDICATION AGENT"); and FLEET NATIONAL BANK, a national banking corporation, and BANK OF AMERICA, N.A., a national banking corporation, as co-documentation agents for the Lenders (in such capacity, the "CO-DOCUMENTATION AGENTS").

W I T N E S S E T H :

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 in an aggregate amount not to exceed \$1.8 billion (except as increased or reduced pursuant to Section 2.10) 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, 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 any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"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.

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"ADMINISTRATIVE AGENT'S FEES" shall have the meaning assigned to such term in Section 2.6(b).

"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 and Viacom International 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 Co-Documentation Agents, the Joint Lead Arrangers, the Sole Bookrunner and the Syndication Agent.

"AGREEMENT" shall mean this 364-Day 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 1/2 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

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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.

"AMENDED AND RESTATED INFINITY 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, among Viacom, Viacom International, the subsidiary borrowers parties thereto, the lenders named therein, JP Morgan 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.

"APPLICABLE EURODOLLAR MARGIN" shall mean the "Applicable Eurodollar 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 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.

"BLOCKBUSTER EVENT" means the sale or deconsolidation of Blockbuster Inc. from Viacom, 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 Eurodollar Loan, the term "BUSINESS DAY" shall also exclude any day on which banks are not open for 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.

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"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 March 5, 2002.

"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 Loans pursuant to Section 2.1, as set forth on Schedule 1.1, as such Lender's Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.10 or changed pursuant to Section 9.4.

"COMMITMENT INCREASE DATE" shall have the meaning assigned to such term in Section 2.10(e).

"COMMITMENT INCREASE LETTER" shall have the meaning assigned to such term in Section 2.10(e) and shall be substantially in the form of Exhibit G.

"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 Loans hereunder 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.

"COMMUNICATIONS ACT" shall mean the Communications Act of 1934, as amended.

"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.

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"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 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. It is understood that conversions and continuations pursuant to Section 2.5 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.

"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.

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"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.

"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.

"EURODOLLAR LOAN" shall mean any Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

"EURODOLLAR RATE" shall mean, with respect to an Interest Period pertaining to any Eurodollar Loan, the rate of interest determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page

3750 of the Telerate Screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Telerate Screen (or otherwise on the Telerate Service), the "EURODOLLAR 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 Dollar deposits approximately equal in principal amount to, in the case of a Eurodollar Tranche, the portion of such Eurodollar Tranche of the Lender serving as Administrative Agent, 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.

"EURODOLLAR TRANCHE" shall mean the collective reference to Eurodollar Loans 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 Loans shall originally have been made on the same day).

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"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 CREDIT AGREEMENT" shall mean the \$2,000,000,000 364-Day Credit Agreement, dated as of March 7, 2001, among Viacom, Viacom International, the subsidiary borrowers parties thereto, the lenders named therein, JP Morgan Chase Bank (as successor to The Chase Manhattan Bank), as administrative agent, Salomon Smith Barney Inc., as syndication agent, and Fleet National Bank and Bank of America, N.A., as co-documentation agents.

"FACILITY FEES" shall mean all fees payable pursuant to Section 2.6(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 and the Utilization Fees.

"FINANCIAL COVENANT" shall mean the financial covenant contained in Section 5.7.

"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 CREDIT AGREEMENT" shall mean the Five-Year Credit Agreement, dated as of March 7, 2001, among Viacom, Viacom International, each subsidiary borrower party thereto, the lenders party thereto, JPMorgan Chase Bank (as successor to The Chase Manhattan Bank), as administrative agent, Salomon Smith Barney Inc., as syndication agent, and Fleet National Bank and Bank of America, N.A., as co-documentation agents, as the same may be amended, supplemented, restated or otherwise modified from time to time.

"FIVE-YEAR FACILITY EXPOSURE" shall mean on any day the sum of (i) the Total Revolving Facility Exposure (as defined in the 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 Five-Year Credit Agreement), PLUS (ii) the Total Canadian Facility Exposure (as defined in the Five-Year Credit Agreement), in each case under the 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 Five-Year Credit Agreement) (or, on any day after termination of the Commitments (as defined in the Five-Year Credit Agreement), the Total Revolving Commitment and the Total

Canadian Commitment in effect immediately preceding such termination), in each case under the Five-Year Credit Agreement on such day.

"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 to 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 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 Eurodollar Loan, the last day of the Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration been applicable to such Loan and, in addition, the date of any conversion of any Eurodollar Loan to an ABR Loan, the date of repayment or prepayment of any Eurodollar Loan and the Maturity Date; (b) with respect to any ABR Loan, the last day of each March, June, September and December and the Maturity Date.

"INTEREST PERIOD" shall mean as to any Eurodollar 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; 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 Eurodollar 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. Interest shall accrue from and including that first day of an Interest Period to but excluding the last day of such Interest Period.

"JOINT LEAD ARRANGERS" shall mean JP Morgan Securities Inc., a New York corporation, and Salomon Smith Barney Inc., a New York corporation.

"JPMORGAN CHASE" shall have the meaning assigned to such term in the preamble to this Agreement.

"LENDERS" shall have the meaning assigned to such term in the preamble to this Agreement.

"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.

"LIEN" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), security interest or

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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 the revolving loans made by the Lenders to any Borrower pursuant to Section 2.3. Each Loan shall be a Eurodollar Loan or an ABR Loan.

"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).

"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.

"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 have the meaning assigned to such term in Section 2.4.

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

"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.

"NEW LENDER" shall have the meaning assigned to such term in Section 2.10(d).

"NEW LENDER SUPPLEMENT" shall mean the agreement made pursuant to Section 2.10(d) substantially in the form of Exhibit F.

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"NON-CONSENTING LENDER" shall have the meaning assigned to such term in Section 2.18(b).

"NON-U.S. PERSON" shall have the meaning assigned to such term in Section 2.17(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 EXTENSIONS OF CREDIT" shall mean, as to any Lender at any time, an amount equal to the sum of the aggregate principal amount of all Loans made by such Lender then outstanding.

"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 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.

"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.

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"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 2.3 in the form of Exhibit B-1.

"REVOLVING CREDIT MATURITY DATE" shall mean March 4, 2003.

"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 JP Morgan Securities Inc., a New York corporation.

"SPC" shall have the meaning specified in Section 9.4(i).

"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. 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-2, which may be delivered by Viacom and approved by Viacom and shall be accompanied by a Subsidiary Borrower Request.

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"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-3, which is received by the Administrative Agent in connection with a Subsidiary Borrower Designation.

"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).

"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 Outstanding Extensions of Credit 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 Outstanding Extensions of Credit) 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)).

"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 Eurodollar Rate or the Alternate Base Rate.

"UTILIZATION FEE" shall have the meaning assigned to such term in Section 2.6(c).

"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.

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"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 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").

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.

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(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 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.

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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 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 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. LOANS. (a) Each Loan shall be made to the relevant Borrower by the Lenders ratably in accordance with their respective Commitments. The Loans shall be made in minimum amounts equal to (i) in the case of Eurodollar Loans, \$50,000,000 or an integral multiple of \$5,000,000 in excess thereof, and (ii) in the case of ABR Loans, \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof (or an aggregate principal amount equal to the remaining balance of the available Total Commitment).

(b) Each Lender shall make each 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.

SECTION 2.3. REVOLVING CREDIT BORROWING PROCEDURE. In order to request a Loan, the relevant Borrower shall hand deliver or telecopy to the Administrative Agent a Revolving Credit Borrowing Request in the form of Exhibit B-1 (a) in the case of a Eurodollar Loan, not later than 11:00 a.m., New York City time, three Business Days before a proposed borrowing and (b) in the case of an ABR 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 Loan then being requested is to be a Eurodollar Loan or an ABR Loan, (ii) the date of such Loan (which shall be a Business Day) and the amount thereof; and (iii) in the case of a Eurodollar Loan, the Interest Period with respect thereto. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.3 and of each Lender's portion of the requested Loan.

SECTION 2.4. REPAYMENT OF LOANS. Each Borrower shall repay all outstanding Loans on the first anniversary of the Revolving Credit Maturity Date (or such earlier date on which the Loans shall be due and payable in accordance herewith) (the "MATURITY DATE"). Each Loan shall bear interest from and including the date thereof on the outstanding principal balance thereof as set forth in Section 2.7.

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SECTION 2.5. CONVERSION AND CONTINUATION OPTIONS. (a) The relevant Borrower may elect from time to time to convert Eurodollar Loans (or, subject to Section 2.7(d), a portion thereof) to ABR 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 Loans (subject to Section 2.7(d)) to Eurodollar Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar 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 Eurodollar Loans and ABR Loans may be converted as provided herein; PROVIDED, that no Loan may be converted into a Eurodollar 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 Eurodollar Loans (or, subject to Section 2.7(d), 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 Loans; PROVIDED, that no Eurodollar 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 Eurodollar Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any notice from a Borrower pursuant to this Section 2.5(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 2.5(b), by it or the Required Lenders, not to permit such a continuation.

SECTION 2.6. 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 Outstanding Extensions of Credit after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Outstanding Extensions of Credit from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Outstanding Extensions of Credit. 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 Outstanding Extensions of Credit.

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(b) 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.

(c) 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 Outstanding Extensions of Credit 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.

(d) 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. Once paid, none of the Fees shall be refundable under any circumstances (other than corrections of errors in payment).

SECTION 2.7. INTEREST ON LOANS; EURODOLLAR TRANCHES; ETC. (a) Subject to the provisions of Section 2.8, Eurodollar 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 in the case of each Eurodollar Loan, the Eurodollar Rate for the Interest Period in effect for such Loan plus the Applicable Eurodollar Margin. The Eurodollar 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 2.8, 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) Interest on each Loan shall be payable on each applicable Interest Payment Date.

(d) Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions, continuations, repayments and prepayments of Eurodollar Loans hereunder and all selections of Interest Periods hereunder in respect of Eurodollar Loans shall be in such amounts and shall be made pursuant to such elections so that, after giving effect thereto, the

aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to \$50,000,000 or a whole multiple of \$5,000,000 in excess thereof. Unless otherwise agreed by the Administrative Agent, in no event shall there be more than 25 Eurodollar Tranches outstanding at any time.

(e) If no election as to the Type of Loan is specified in any notice of borrowing with respect thereto, then the requested Loan shall be an ABR Loan. If no Interest Period with respect to a Eurodollar Loan is specified in any notice of borrowing, conversion or

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continuation, then the relevant Borrower shall be deemed to have selected an Interest Period of one month's duration.

SECTION 2.8. DEFAULT INTEREST. 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 2.7 PLUS 2% and (b) if all or a portion of any interest payable on any Loan 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 2.7(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 2.9. 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 Eurodollar 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 Eurodollar Rate for such Interest Period, or (ii) the Required Lenders shall have determined and shall have notified the Administrative Agent that the Eurodollar 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 Eurodollar 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 Eurodollar Loan pursuant to Section 2.3 to be made after such determination shall be deemed to be a request for an ABR Loan and (ii) any request by a Borrower for conversion into or a continuation of a Eurodollar Loan pursuant to Section 2.5 to be made 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). Each determination by the Administrative Agent or the Required Lenders hereunder shall be conclusive absent manifest error.

SECTION 2.10. TERMINATION, REDUCTION AND INCREASE 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 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 2.10(a).

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(b) Except as otherwise provided in Section 2.18, 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) Viacom shall have the right at any time and from time to time to increase the Total Commitments to an aggregate amount, when added to the aggregate amount of Total Commitments (as defined under the Five-Year Credit Agreement) under the Five-Year Credit Agreement, not to exceed \$4,500,000,000 (i) by requesting that one or more banks or other financial institutions not a party to this Agreement become a Lender hereunder or (ii) by requesting that any Lender already party to this Agreement increase the amount of such Lender's Commitment; PROVIDED, that the addition of any bank or financial institution pursuant to clause (i) above shall be subject to the consent of the Administrative Agent (which consent shall not be unreasonably withheld); PROVIDED FURTHER, the Commitment of any bank or other financial institution pursuant to clause (i) above, shall be in an aggregate principal amount at least equal to \$10,000,000; PROVIDED FURTHER, the amount of the increase of any Lender's Commitment pursuant to clause (ii) above when added to the amount of such Lender's Commitment before the increase, shall be in an aggregate principal amount at least equal to \$10,000,000.

(d) Any additional bank, financial institution or other entity which elects to become a party to this Agreement and obtain a Commitment pursuant to clause (c) of this Section 2.10 shall execute a New Lender Supplement (each, a "NEW LENDER SUPPLEMENT") with Viacom and the Administrative Agent, substantially in the form of Exhibit G, whereupon such bank, financial institution or other entity (a "NEW LENDER") shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement, and Schedule 1.1 shall be deemed to be amended to add the name and Commitment of such New Lender.

(e) Any increase in the Total Commitment pursuant to clause (c) of this Section 2.10 shall be effective only upon the execution and delivery to Viacom and the Administrative Agent of a commitment increase letter in substantially the form of Exhibit G hereto (a "COMMITMENT INCREASE LETTER"), which Commitment Increase Letter shall be delivered to the Administrative Agent not less than five Business Days prior to the Commitment Increase Date and shall specify (i) the amount of the Commitment of any bank or financial institution not a party to this agreement which is becoming a Lender or the amount of any increase in the Commitment of any Lender and (ii) the date such increase is to become effective (the "COMMITMENT INCREASE DATE").

(f) Any increase in the Total Commitment pursuant to this Section 2.10 shall not be effective unless:

(i) no Default or Event of Default shall have occurred and be continuing on the Commitment Increase Date;

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(ii) each of the representations and warranties made by Viacom and the Subsidiary Borrowers in Sections 3.1, 3.2, 3.4, 3.5 and 3.6 shall be true and correct in all material respects on the Commitment Increase Date 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; and

(iii) the Administrative Agent shall have received each of (A) a certificate of the corporate secretary or assistant secretary of the Borrowers as to the taking of any corporate action necessary in connection with such increase and (B) an opinion or opinions of general counsel to the Borrowers as to their corporate power and authority to borrow hereunder after giving effect to such increase and such other matters relating thereto as the Administrative Agent and its counsel may reasonably request.

(g) Each notice requesting an increase in the Total Commitments pursuant to this Section 2.10 shall constitute a certification to the effect set forth in clauses (i) and (ii) of Section 2.10(f).

(h) No Lender shall at any time be required to agree to a request of Viacom to increase its Commitment or obligations hereunder.

SECTION 2.11. OPTIONAL PREPAYMENTS OF LOANS. The relevant Borrower may at any time and from time to time prepay the 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 Eurodollar Loans, and (ii)

before 10:00 a.m., New York City time, one Business Day prior to prepayment, in the case of ABR Loans. Such notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans, ABR Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each. If a Eurodollar 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 2.13. 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 Loans) accrued interest to such date on the amount prepaid. Partial prepayments of Loans shall be in an aggregate principal amount of \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof.

SECTION 2.12. 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 Eurodollar 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 Eurodollar Loan) or by any political subdivision or taxing authority therein and other than taxes

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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 Eurodollar 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 Eurodollar 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 Eurodollar 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.

(b) If any 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 any 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 comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time 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 or such Lender's holding company for any such reduction suffered.

(c) A certificate of each Lender setting forth such amount or amounts as shall be necessary to compensate such 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 the amount shown as due on any such certificate within 30 days after its receipt of the same.

(d) Except as provided in this paragraph, failure on the part of any 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 right to demand compensation with respect to any other period. The protection of this Section 2.12 shall be available to each 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 affected thereby to comply therewith. No Lender shall be entitled to compensation under this Section 2.12 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

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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 2.12, no 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 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 pursuant to this Section 2.12 for any cost and such Lender shall subsequently receive a refund in respect thereof, such Lender shall so notify such Borrower and, upon its request, will pay to such Borrower the portion of such refund which such Lender shall determine in good faith to be allocable to the cost so reimbursed. The covenants contained in this Section 2.12 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

SECTION 2.13. 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 pursuant to Article II, (c) any payment, prepayment or conversion of a Eurodollar 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 2.18 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 Eurodollar 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 2.13 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 Eurodollar Rate in the case of Eurodollar 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 2.13 (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 2.14. PRO RATA TREATMENT; FUNDING MATTERS; EVIDENCE OF DEBT. (a) Except as required under Section 2.18, each payment or prepayment of principal of any Loan, each payment of interest on the Loans, each payment of the Facility Fees pursuant to

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Section 2.6(a), 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 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.

(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 Eurodollar 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

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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 (a) giving any notices contemplated to be given by such Subsidiary Borrower pursuant to this Agreement, including, without limitation, borrowing notices, prepayment notices, continuation notices, and conversion notices and (b) 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.

SECTION 2.15. SHARING OF SETOFFS. Except to the extent that this Agreement provides for payments to be allocated to Loans, 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 as a result of which the unpaid principal portion of such Loans shall be proportionately less than the unpaid principal portion of such Loans 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 of such other Lender, so that the aggregate unpaid principal amount of such Loans and participations in such Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all such Loans then outstanding as the principal amount of such Loans 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 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 2.15 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 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 such Borrower.

SECTION 2.16. 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

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Administrative Agent at its offices at JPMorgan Chase Bank, 270 Park Avenue, New York, New York 10017, 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 2.17. TAXES. (a) Any and all payments by each Borrower hereunder shall be made, in accordance with Section 2.16, 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 2.17) 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 2.17) paid by such Lender (or Transferee) or the Administrative Agent, as the case may be, and any 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

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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 2.17 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 2.17(f), a Non-U.S. Person shall not be required to deliver any form pursuant to this Section 2.17(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 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

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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 2.18. TERMINATION OR ASSIGNMENT OF COMMITMENTS UNDER CERTAIN CIRCUMSTANCES. (a) Any Lender (or Transferee) claiming any additional amounts payable pursuant to Section 2.12 or Section 2.17 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 2.12, (y) any Borrower shall be required to make additional payments to any Lender under Section 2.17, 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 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).

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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, 2000, 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, 2000 and Quarterly Reports on Form 10-Q and Reports on Form 8-K of Viacom filed subsequent to December 31, 2000, but on or before February 20, 2002, in each case as amended or supplemented on or before February 20, 2002.

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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 AGREEMENT. The Existing Credit Agreement 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.

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) 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

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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 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;

(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) the Outstanding Extensions of Credit of each Lender shall not exceed such Lender's Commitment then in effect and (ii) the Total Facility Exposure shall not exceed the Total Commitment then in effect.

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, unless the Required Lenders shall otherwise consent in writing:

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

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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):

(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;

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(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 the 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 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

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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 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

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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; and

(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.

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

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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; and

(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.

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;

(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 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 Five-Year Credit Agreement or under the Amended and Restated Infinity Credit Agreement;

(e) Indebtedness outstanding on the Closing Date, with such Indebtedness outstanding as of September 30, 2001 being set forth on Schedule 5.6;

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(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); and

(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.

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 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.

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 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;

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(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

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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) 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 and (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 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 (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, 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.

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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 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, without hereby limiting any implied authority (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each 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 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. 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 of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any other Agent, any other 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 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.

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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 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 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 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 by the Administrative Agent, including reasonable counsel fees and compensation of agents and employees paid for services rendered on behalf of the 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 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 acknowledges that it has, independently and without reliance upon the Agents or any other 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 also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem

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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 Syndication Agent, the Co-Documentation Agents, the Joint Lead Arrangers nor any managing agent shall have any duties or responsibilities hereunder in its capacity as such.

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 set-off 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

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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

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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 and 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.

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

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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 set-off 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

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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

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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.

(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 Vice President and 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 Vice President and 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: William Rottino (Telecopy No. 212-270-1204), with a copy to JPMorgan Chase Bank, One Chase Manhattan Plaza, New York, New York, 10080, Attention: Camille Wilson (Telecopy No. 212-552-5700);

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(d) 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

(e) if to a Subsidiary Borrower, to it at its address set forth in the relevant Subsidiary Request.

Notwithstanding the foregoing, each of Viacom, any other Borrower, the Administrative Agent 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 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 2.17(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 and the Administrative Agent 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

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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 and (y) the amount of the aggregate Commitments and/or Loans retained by any assigning Lender (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, unless (in the case of clause (x) or (y) above) the assigning Lender's Commitment and 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 2.12, 2.13, 2.17 and 9.5, as well as to any Fees accrued for its account hereunder and not yet paid)).

(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

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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 and the Administrative Agent 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 or the Agents sell participations to one or more banks, other financial institutions or other entities (PROVIDED, that any such other entity is a 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 2.12, 2.13 and 2.17 to the same extent as if they were Lenders (PROVIDED, that additional amounts payable to any Lender pursuant to Section 2.17 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 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 of or the rate at which interest is payable on the Loans, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans or of 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).

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.4, disclose to the

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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.

(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 or the Administrative Agent; 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 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) 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).

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(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 JP Morgan Securities Inc., in its capacity as a Joint Lead Arranger and in its capacity as Sole Bookrunner, and 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 in connection with the enforcement or protection of the rights of the Agents, the Lenders under this Agreement or in connection with the Loans made hereunder, including, without limitation, the reasonable fees, charges and disbursements of Hughes Hubbard & Reed LLP, counsel for JP Morgan 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 or Lender.

(b) Viacom agrees to indemnify and hold harmless each Agent, each 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 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, 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 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. No Indemnified Person shall be liable for any damages arising from the use by others 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).

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(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 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 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, 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

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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; or (iii) 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 hereunder in such capacity without the prior written consent of the Administrative Agent.

SECTION 9.9. ENTIRE AGREEMENT. This Agreement (together with 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 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

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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 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

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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 the Existing Credit Agreement that such Lender may have had under the Existing Credit Agreement.

SECTION 9.17. CONSENT TO AMENDMENT TO FIVE-YEAR CREDIT AGREEMENT. By its execution of this Agreement, each Lender hereby consents to and approves Amendment No. 1 to the Five-Year Credit Agreement, the form of which is attached hereto as Exhibit H, and hereby authorizes JPMorgan Chase Bank, in its capacity as Administrative Agent under the Five-Year Credit Agreement, to execute such Amendment No. 1 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: Vice President and Treasurer

VIACOM INTERNATIONAL INC.

By: /s/ Robert G. Freedline

Name: Robert G. Freedline
Title: 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

SALOMON SMITH BARNEY INC., as
Syndication Agent

By: /s/ Carolyn A. Kee

Name: Carolyn A. Kee
Title: Attorney-in-Fact

FLEET NATIONAL BANK, as Co-Documentation
Agent and as a Lender

By: /s/ Laura Neenan

Name: Laura Neenan
Title: Vice President

Signature Page to 364-Day Credit Agreement

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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

CITIBANK, N.A., as a Lender

By: /s/ Elizabeth Minnella

Name: Elizabeth Minnella
Title: Director

DEUTSCHE BANK AG, NEW YORK BRANCH, as a
Lender

By: /s/ William McGinty

Name: William McGinty
Title: Director

By: /s/ Christopher Hall

Name: Christopher Hall
Title: Managing Director

THE BANK OF TOKYO-MITSUBISHI, LTD.,

NEW YORK BRANCH, as a Lender

By: /s/ Jeffrey Millar

Name: Jeffrey Millar
Title: Authorized Signatory

Signature Page to 364-Day Credit Agreement

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SUMITOMO MITSUI BANKING CORPORATION, as a
Lender

By: /s/ Leo E. Pagarigan

Name: Leo E. Pagarigan
Title: Vice President

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ Brenda S. Insull

Name: Brenda S. Insull
Title: Authorized Signatory

DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES, as a Lender

By: /s/ William E. Lambert

Name: William E. Lambert
Title: Vice President

By: /s/ Michael S. Greenberg

Name: Michael S. Greenberg
Title: Associate

BANK ONE, NA, as a Lender

By: /s/ Curtis R. Worthington

Name: Curtis R. Worthington
Title: Associate Director

MELLON BANK, N.A., as a Lender

By: /s/ Raghunatha Reddy

Name: Raghunatha Reddy
Title: Lending Officer

Signature Page to 364-Day Credit Agreement

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THE BANK OF NEW YORK, as a Lender

By: /s/ John R. Ciulla

Name: John R. Ciulla
Title: Vice President

THE FUJI BANK, LIMITED, as a Lender

By: /s/ Raymond Ventura

Name: Raymond Ventura
Title: Senior Vice President

CREDIT SUISSE FIRST BOSTON,
Cayman Islands Branch, as a Lender

By: /s/ David L. Sawyer

Name: David L. Sawyer
Title: Director

By: /s/ Ian W. Nalitt

Name: Ian W. Nalitt
Title: Associate

THE ROYAL BANK OF SCOTLAND PLC, as a
Lender

By: /s/ Clark McGinn

Name: Clark McGinn
Title: Senior Vice President

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WESTDEUTSCHE LANDESBANK GIROZENTRALE,
NEW YORK BRANCH, as a Lender

By: /s/ Lucie Guernsey

Name: Lucie Guernsey
Title: Director

By: /s/ Lisa Walker

Name: Lisa Walker
Title: Associate Director

WACHOVIA BANK, N.A., as a Lender

By: /s/ John G. Taylor

Name: John G. Taylor
Title: Vice President

UBS AG, STAMFORD BRANCH, as a Lender

By: /s/ Patricia O'Kicki

Name: Patricia O'Kicki
Title: Director
Banking Products Services

By: /s/ Wilfred V. Saint

Name: Wilfred V. Saint
Title: Associate Director
Banking Products
Services, US

LLOYDS TSB BANK PLC, as a Lender

By: /s/ Windsor R. Davies

Name: Windsor R. Davies
Title: Director, Corporate Banking,
USA
D061

By: /s/ Catherine Rankin

Name: Catherine Rankin
Title: Assistant Vice President,
Corporate Banking, USA
B027

ABN AMRO BANK N.V., as a Lender

By: /s/ Frances O'R Logan

Name: Frances O'R Logan
Title: Senior Vice President

By: /s/ Thomas Cha

Name: Thomas Cha
Title: Assistant Vice President

MERRILL LYNCH BANK USA, as a Lender

By: /s/ D. Kevin Imlay

Name: D. Kevin Imlay
Title: Senior Credit Officer

NATIONAL AUSTRALIA BANK LIMITED, as a
Lender

By: /s/ Eduardo Salazar

Name: Eduardo Salazar
Title: Director

Subsidiaries of Viacom Inc. are listed below.

SUBSIDIARY NAME PLACE
 OF INCORPORATION OR
 ORGANIZATION 1020917
 Ontario Inc. Canada
 (Ontario) 13 Radio
 Corporation Delaware
 176309 Canada Inc.
 Canada (Federal) 2 Day
 Video, Inc. Texas 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 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 9076-7849
 Quebec Inc. Canada
 (Quebec) 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
 Affichage Methfessel
 France Affilog S.A.R.L.
 France Afram Films,
 Inc. 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 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 American
 Journal Inc. New York
 Ananda Lewis Show Inc.,
 The California
 SUBSIDIARY NAME PLACE
 OF INCORPORATION OR
 ORGANIZATION Anastasia
 Advertising Art, Inc.
 Florida Antics G.P.
 Inc. Delaware Antics

Inc. Delaware A-R
Acquisition Corp.
Delaware Ardnasillagh
Ltd. Ireland Are We
Having Fun Yet?
Productions Canada
(B.C.) Aros N.V.
Switzerland 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 Belhaven
Limited Bahamas BET
Acquisition Corp.
Delaware BET
Animations, LLC
Delaware BET Arabesque,
LLC Delaware BET Comic
View Inc. Delaware BET
Creations, Inc.
Delaware BET
Development Company
Delaware BET
Documentaries, LLC.
Delaware BET Event
Productions, 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 BET Pictures
II, LLC Delaware BET
Publications, LLC
Delaware BET Radio,
L.L.C. Delaware BET
Satellite Services,
Inc. Delaware BET
Services, Inc.
Washington D.C. BET
Television Productions,
LLC Delaware 2
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Beta
Theatres Inc. Delaware
Beverlyfax Music, Inc.
California Big Planet
Video, Inc. New
Hampshire Big Shows
Inc. Delaware Big
Ticket Music Inc.
Delaware Big Ticket
Pictures Inc. Delaware
Big Ticket Productions
Inc. Delaware Big

Ticket Television Inc.
Delaware Billboard S.A.
France Black
Entertainment
Television, Inc.
Washington D.C. Black
Rock Enterprises, Inc.
New York Blockbuster
Airships, Inc. Delaware
Blockbuster
Amphitheater
Corporation Delaware
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
Holding Danmark A/S
Denmark Blockbuster
Holdings Ireland
Ireland Blockbuster
Hong Kong Ltd. Hong
Kong Blockbuster Inc.
Delaware Blockbuster
International Spain
Inc. Delaware
Blockbuster
International Taiwan
B.V. Netherlands
Blockbuster Investments
LLC Delaware
Blockbuster Ireland
Ltd. Ireland
Blockbuster Limited
Partner Holdings LLC
Delaware Blockbuster
Mid-America, Inc.
Delaware Blockbuster
On-Line Services, Inc.
Delaware Blockbuster
Park Lands, Inc.
Florida Blockbuster
Park, Inc. Delaware
Blockbuster Retail
Mexico, S.A. de R.L.
Mexico Blockbuster SC
Video Operating
Corporation Delaware 3
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION
Blockbuster Services
Inc. Delaware
Blockbuster Technology
Holding Corporation

Delaware Blockbuster
Texas LP Delaware
Blockbuster UK Limited
United Kingdom
Blockbuster Uruguay
Limitada Uruguay
Blockbuster Video (New
Zealand) Ltd. New
Zealand Blockbuster
Video Acquisition Corp.
Delaware Blockbuster
Video Denmark A/S
Denmark Blockbuster
Video Espana, SpA Spain
Blockbuster Video
International
Corporation (Chile)
Limitada Chile
Blockbuster Video
Jylland A/S Denmark
Blockbuster Video
Superstores (Australia)
Pty Limited Australia
Blockbuster.com Holding
Inc. Delaware
Blockbuster.com LLC
Delaware Blue Cow Inc.
Delaware BN Productions
Inc. Delaware Bombay
Hook Limited Delaware
Box Italy LLC, The
Delaware Box Italy
S.R.L., The Italy Box
Worldwide LLC, The
Delaware Brady
Productions Inc. Canada
(Ontario) Branded
Productions Inc.
California Bronson Gate
Film Management GmbH
Germany Bruin Music
Company Delaware BS
Hotel, Inc. 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 4
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION CBS Mass
Media Corporation

Delaware CBS News
Communications Inc. New
York CBS Overseas Inc.
New York CBS Pageants,
Inc. Delaware CBS
Sports Asia Inc. New
York CBS Survivor
Productions, Inc.
Delaware CBS Technology
Corporation Delaware
CBS TeleNoticias do
Brasil Ltda. Brazil 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 (NJ) Ltd.
United Kingdom Chazo
Productions Inc.
Delaware CI Productions
Inc. Canada (B.C.)
Cinema Dominicana S.A.
Dominican Republic
Cinematic Arts B.V.
Netherlands Cities
France City Lights
Productions Inc. Canada
(B.C.) City Outdoor
Levante S.R.L. France
City Outdoor S.R.L.
Italy Cityvision
Investments Ltd. United
Kingdom Cityvision PLC
United Kingdom
Cityvision Videotheken
Ges.M.B.H. Austria
Classless Inc. Delaware
Climate Productions
Inc. Canada (Ontario.)
Cloverleaf Productions
Inc. Delaware Columbia
Television, Inc. New
York Columbus Circle
Films Inc. Delaware
Compelling Music
Corporation California
Core Productions Inc.
Canada (B.C.) Corporate
Fleet Leasing Company,
Inc. Delaware Country
Entertainment, Inc.
Delaware Country Music
Television, Inc.
Tennessee Country
Network Enterprises,
Inc. Delaware
country.com, Inc.
Delaware Cover
Productions Inc.
California 5
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION D.E.J.
Productions Inc.
Delaware Danielle
Productions LLC
Delaware Day Reagan

Productions Inc. Canada
(Ontario) DC Films Inc.
Canada (B.C.) Debate
Films Inc. Canada
(Ontario) Defenders
Productions Inc. Canada
(Ontario) Delaware Blue
Steel Inc. Delaware
Delcroix Affiage
S.A.R.L. France Design-
Graphics, Inc. Florida
Desilu Productions,
Inc. Delaware DIGICO
Inc. Delaware DirecCorp,
S.A. de C.V. Mexico
Direct Court
Productions, Inc.
Delaware Direct
Production Group Inc.
Delaware DTE Films LLC
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 Emily
Productions LLC
Delaware Energy
Development Associates,
Inc. Delaware Ensign
Music Corporation
Delaware EPI Music
Company California
Erica Film Productions,
Inc. California Ersh,
Inc. New York ET Media
Group Inc. Delaware ETS
Pegouret France
Evergreen Programs,
Inc. New York EWB
Corporation Delaware
Eye Net Works Inc.
Delaware Eye
Productions Inc.
Delaware Family
Entertainment Centers,
Inc. Florida Famous
Music Corporation
Delaware Famous Music
Publishing Limited
United Kingdom Famous
Orange Productions Inc.
Delaware Famous Players
Films Inc. Canada
(Federal) Famous
Players Inc. Canada
(Federal) Famous
Players International
B.V. Netherlands Famous
Players Investments
B.V. Netherlands Famous
Players Media Inc.
Canada (Ontario) 6
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Festival
Inc. Delaware Film
Intex Corporation
Delaware Filmcraft
Productions Inc.
Delaware Films
Paramount S.A. France
FLC Holding Corp.
Florida 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 Exchange Inc.
Delaware Games
Productions Inc.
Delaware Gateway Fleet
Company Delaware GC
Productions Inc.
Delaware Giraudy S.A.
France Gladwin of
Indiana, Inc. Indiana
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 Mass Media
Finance S.A. France Go
Mass Media S.A. France
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
Group W Television
Stations, Inc. Delaware
Grupo de Video, S. de
R.L. de C.V. Mexico
Grupo Operador de
Videos, S. de R.L. de
C.V. Mexico GS Films
Inc. Canada (Ontario) 7
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Gulf &
Western Indonesia, Inc.
Delaware Gulf & Western
Intercontinental
Investments N.V.
Netherlands Antilles
Gulf & Western
International Finance
N.V. Switzerland Gulf &
Western International
N.V. Netherlands
Antilles Gulf & Western
Limited Bahamas
Hamilton Projects, Inc.
New York Hardwood

Productions Inc. Canada
(Ontario) Harvester
Press Limited, The
United Kingdom Haunted
Productions Inc. Canada
(B.C.) Heartland
Productions Inc. Canada
(Alberta) Hemisphere
Broadcasting
Corporation Delaware
HFM Productions Inc.
Canada (Ontario) High
Command Productions
Limited United Kingdom
Hit Radio, Inc. New
York House of Yes
Productions Inc.
Delaware HTL
Productions Inc. Canada
(Ontario) Image Edit,
Inc. Delaware Imagine
Radio, Inc. California
Impression Recherche Et
Publicite S.A. France
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 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 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 8
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Infinity
Broadcasting
Corporation of
Washington, D.C.
Delaware Infinity
Broadcasting East
Holdings Corporation
Delaware Infinity
Broadcasting East Inc.
Delaware Infinity
Broadcasting Operations
Inc. Delaware Infinity
Broadcasting Partner I
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
Chesapeake Licensee
Corporation 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
License Inc. Delaware
Infinity Radio of
Austin Inc. Delaware
Infinity Radio of
Charlotte License Inc.
Virginia Infinity Radio
of Kansas City License
Inc. Virginia Infinity
Radio of North Carolina
License Inc. Virginia
Infinity Radio of
Pittsburgh License Inc.
Virginia Infinity Radio
of Portland Inc.
Delaware Infinity Radio
of Sacramento Inc.
Pennsylvania Infinity
Radio of Sacramento
License Inc. Virginia
Infinity Radio of San
Jose Inc. California
Infinity Radio of

Seattle License Inc.
Virginia Infinity Radio
of St. Louis License
Inc. Virginia Infinity
Radio of Washington
License Inc. Virginia
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 9
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Inside
Edition Inc. New York
International Overseas
Film Services, Inc.
Delaware International
Overseas Productions,
Inc. California
International Raw
Materials Limited
Bahamas Interstitial
Programs Inc. Delaware
Irvine Games Inc.
Delaware Irvine Games
USA Inc. Delaware
Isabel Boutique S.A.
France Jerry's Outdoor
Advertising, Inc.
Florida Jiffy
Billboards, Inc.
Florida Joseph
Productions Inc.
Delaware Just For Kids
Limited Ireland Just U
Productions, Inc.
California Justice
Productions Inc. Canada
(Ontario) 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/GSN Inc. Delaware
King World/LR Inc.
California Kings Island
Company Delaware KTVT
Broadcasting Company,
L.P. Texas KUTV
Holdings, Inc. Delaware
KW Development Inc.
California KWP Studios
Inc. California KWTS
Productions Inc.
California L23
Productions Inc. Canada
(Ontario) Ladies Man
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 List
Productions Inc. Canada
(Ontario) Lizarb
Holding B.V.
Netherlands Long Road
Productions Illinois 10
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Low Key
Productions Inc.
Delaware LS Productions
Inc. Canada (Ontario)
Maarten Investerings
Partnership New York
Made To Love
Productions Inc. Canada
(Ontario) 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 Ltd. United
Kingdom Maxim Video
Ltd. United Kingdom
Maxmedia, Inc. Florida
Media Trend S.R.L.
Italy Mediamax
Buitenreclame B.V.
Netherlands Mediamax
Group B.V. Netherlands
Mediamax Intersales
B.V. Netherlands
Mediamax Lichtreclme
B.V. Netherlands
Mediamax Locale En
Regionale Buitenreclame
B.V. Netherlands
Mediamax Norge A.S.
Netherlands Mediamax
Participatiemaatschappij
B.V. Netherlands
Mediamax Stadsklokken
B.V. Netherlands
Mediamax
Streekvervoersreclame
B.V. Netherlands
Mediamax Vervoersclame
B.V. Netherlands
Melrose Productions
Inc. California
Meredith Productions
LLC Delaware Merlot
Film Productions, Inc.
California Merritt Inc.
Delaware Methessel S.A.
France 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 Mobinfo S.A.
France Montgomery
Acquisition, Inc.
Delaware MTV Animation
Inc. Delaware MTV Asia
Development Company
Inc. Delaware MTV Asia
LDC Cayman Islands 11
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION 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 B.V.
Netherlands MTV
Networks Belgium
Belguim 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
Productions B.V.
Netherlands MTV
Networks SARL France
MTV Networks Shopping
Inc. Delaware MTV
Networks South Africa
Inc. Delaware MTV
Networks Srl Italy 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 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 Naked City
Productions Inc. Canada
(Ontario) Namparra Ltd.
Ireland National
Advertising Company
Delaware 12

SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Navigare
Projectontwikkeling 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
(Deutschland) & Co KG
Germany Nickelodeon
(Deutschland)
Beteiligungen GmbH
Germany Nickelodeon
(Deutschland)
Verwaltung GmbH Germany
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 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 NTA Films,
Inc. New York NTA, Inc.
New York Number One FSC
Ltd. US Virgin Islands
NV Broadcasting
(Canada), Inc. Canada
(Federal) NV
International, Inc.
Georgia O & W
Corporation Tennessee O
Good Songs Company
California Oil Company,
The Delaware OM/TV
Productions Inc.
Delaware One and Only
Joint Venture, The New
York 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 13

SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION 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 Mexido 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
Channel Partnership,
The United Kingdom
Paramount
Communications
Technology Group Inc.
Delaware Paramount
Digital Entertainment
Inc. Delaware Paramount
Film Services Ltd.
United Kingdom
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 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 (Korea)
Ltd Korea Paramount
Home Entertainment (New
Zealand) Ltd.
Netherlands 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 14
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION 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
LAPTV 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 (U.K.)
Limited. United Kingdom
Paramount Pictures
Corporation Delaware
Paramount Pictures
Corporation (Canada)
Inc. Canada (Ontario)
Paramount Production
Support Inc. Delaware
Paramount Productions
Service Corporation
Delaware Paramount
Productions, Inc.
Canada (Ontario)
Paramount Show Services
International LDC
Cayman Islands
Paramount Stations
Group Inc. Virginia
Paramount Stations
Group of Fort
Worth/Dallas Inc.
Virginia Paramount
Stations Group of Miami
Inc. Delaware Paramount
Stations Group of
Oklahoma City LLC
Delaware Paramount
Stations Group of
Philadelphia Inc.

Delaware Paramount
Stations Group of
Pittsburgh Inc.
Delaware Paramount
Stations Group of
Wichita Inc. Delaware
Paramount Television
International Services,
Ltd. Bermuda Paramount
Television Limited
United Kingdom
Paramount Television
Service, Inc. Delaware
Paramount Worldwide
Productions Inc.
Delaware Para-Sac Music
Corporation Delaware
Park Court Productions,
Inc. Delaware Part-Time
Productions Inc.
Delaware PCI Canada
Inc. Delaware PCI
Network Partner II Inc.
Delaware PCI Network
Partner Inc. Delaware
Peppercorn Productions,
Inc. Tennessee Perfect
Score Films Inc. Canada
(B.C.) Permutation
Productions Inc.
Delaware Pet II
Productions Inc.
Delaware Plakmax B.V.
Netherlands 15
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Plaza
Recreation Group Ltd.
Canada (B.C.) PMV
Productions Inc.
Delaware Pocket Books
of Canada, Ltd. Canada
(Federal) Pop
Productions Inc.
Delaware Possum Point
Incorporated Delaware
Pottle Productions,
Inc. California PPC
Film Management GmbH
Germany Premiere House,
Inc. Delaware Preye,
Inc. California Proxy
Music Corporation
California PSG of PHA
Inc. Virginia PT
Productions Inc.
Delaware 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 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 16
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Sagia
Productions Inc. Canada
(Ontario) Salm
Enterprises, Inc.
California San
Francisco Walls, Inc.
California Satellite
Holdings Inc. Delaware
Scarab Publishing
Corporation Delaware
SDI Raven LLC Delaware
Season Four Sentinel
Productions Inc. Canada
(B.C.) Season Three
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 Two 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 SF Films Inc.
Canada (Ontario) SFI
Song Company Delaware
Sher Ventures, Inc. New
York Ship House, Inc.
Florida Show Works
Productions 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 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 Limited United
Kingdom Simon &
Schuster of Canada
(1976) Ltd. Canada
(Federal) Simon &
Schuster, Inc. New York
Sirens Productions Inc.
Canada (Ontario) SJ
Films Inc. Canada
(Ontario) Sky Blue
Investments, Limited
Jersey 17
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION SMA 2002
S.P.A. Italy SMAFER
S.P.A. Italy SNI
Development Corp.
Delaware Snow Day
Productions Inc. Canada
(Alberta) SOAF Films
Inc. Canada (Ontario)
Soapmusic Company
Delaware Societa
Manifestied Affissioni
S.P.A. Italy SonicNet
L.L.C. Delaware
Southeastern Home
Video, Inc. Delaware
Spain Consolidated
Spain 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) Sport
Pages Productions Inc.
Canada (B.C.) Spy
Productions Inc. Canada
(Ontario) Starfish
Productions Inc.
Florida Stargate
Acquisition Corp.

Delaware State of Mind
Inc. Delaware Station
Holdings B, 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 Sweetwater
Productions Inc. Canada
(B.C.) T & R Payroll
Company Delaware T.V.
Factory, Inc., The New
York Talent Court
Productions, Inc.
Delaware TC Productions
Inc. Delaware 18
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION 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
TDI International, Inc.
Delaware TDI Italia
S.R.L. Italy 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
Netherlands B.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 Thirteenth
Century Corporation
Delaware Thirtieth
Century Corporation
Delaware Three
Productions Inc. Canada

(B.C.) Thunder, Inc.
Delaware Times Square
Displays, LLC New York
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 Topper
Productions, Inc.
California Torand
Payroll Company
Delaware Torand
Productions Inc.
Delaware Total
Warehouse Services
Corporation Delaware
Trans S.A. France
Tredegars Home
Entertainment Limited
United Kingdom 19
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION TRF III
Entertainment, Inc.
Delaware Triohurst
Limited. United Kingdom
TS Video, Inc.
Louisiana 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 U Music,
Inc. California UCGI,
Inc. Delaware UGJ
Productions Inc.
Delaware UI Video
Stores, Inc. Colorado
United Paramount
Network, The (UPN)
Delaware Universal
American Corporation
Delaware UPN Holding
Company, Inc.
California UPN
Properties, Inc.
California 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
Brasil Holdings
Limitada Brazil Viacom
Broadcasting of Seattle

Inc. Delaware Viacom
Camden Lock Inc.
Delaware Viacom Canada
Limited Canada
(Federal) Viacom
Canadian Productions
Inc. Canada (Ontario)
Viacom Communications
Services, Inc. Delaware
Viacom Consumer
Products Inc. Delaware
Viacom Consumer
Products Ltd. United
Kingdom Viacom
Corporate Services Inc.
Delaware Viacom DBS
Inc. Delaware Viacom
Employee Services Inc.
Delaware Viacom
Enterprises Canada Ltd.
Canada (Federal) 20
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Viacom
Entertainment Canada
Inc. Canada (Ontario)
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 Viacom
Global Services Inc.
Delaware Viacom HA!
Holding Company
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 Limited
United Kingdom Viacom
International Pty.
Limited Australia
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 Outdoor Canada
Inc. Canada (Federal)
Viacom Outdoor Group
Canada Inc. Canada
(Ontario) Viacom
Outdoor Group Inc.
Delaware Viacom Outdoor
Inc. Delaware Viacom
Outdoor Sports
Marketing Inc. Delaware

Viacom Phoenix Inc.
Delaware Viacom
Pictures Development
Company Delaware Viacom
Pictures Inc. Delaware
Viacom Pictures Movie
Music Inc. Delaware
Viacom Pictures
Overseas Inc. Delaware
Viacom Pictures Songs
Inc. Delaware Viacom
Productions Inc.
Delaware Viacom Realty
Corporation Delaware
Viacom Receivables
Funding I Corporation
Delaware Viacom
Receivables Funding II
Corporation Delaware
Viacom Receivables
Funding III Corporation
Delaware Viacom Retail
Stores, Inc. Delaware
Viacom Satellite News
Inc. Delaware 21
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION Viacom
Services Inc. Delaware
Viacom Shopping Inc.
Delaware Viacom
Telecommunications
(D.C.) Inc. Delaware
Viacom Television
Stations Group of San
Francisco Inc. Virginia
Viacom Television
Stations Inc. Delaware
Viacom UK Limited
United Kingdom Viacom
VHENO GmbH Germany
Viacom Video-Audio
Communicacoes Limitada
Brazil Viacom VOF
Netherlands Antilles
Viacom World Wide Ltd.
New York
Viacom/Westinghouse of
PA Inc. Delaware Via-
Sac Music Inc. Delaware
Viasem Brasil Holdings
Limitada Brazil Video
Club (G.B.) Limited
United Kingdom Video
Store (Jersey) Limited
Channel Islands Viper
Productions Inc. Canada
(B.C.) VISI Services
Inc. Delaware Vision
Productions, Inc. New
York VJK Inc. Delaware
VNM Inc. Delaware VP
Direct Inc. Delaware VP
Programs Inc.
California VSC
Communications Inc.
Delaware VSC
Compositions Inc. New
York VSC Music Inc. New
York Washington Outdoor
Advertising, Inc.
Washington Western Row
Properties, Inc. Ohio
Westinghouse (New
Zealand) Ltd. New
Zealand 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
Holdings Corporation
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 22
SUBSIDIARY NAME PLACE
OF INCORPORATION OR
ORGANIZATION 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 WL Films
Inc. Canada (Ontario)
Woburn Insurance Ltd.
Bermuda Woodhead-
Faulkner (Publishers)
Limited United Kingdom
World Entertainment
Corp. New York 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 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
Productions, Inc.
Delaware WPIC
Corporation Delaware WT
Animal Music Inc.
Delaware WT Productions
Inc. Delaware WV
Productions, Inc.
Delaware WVI Films B.V.
Netherlands WVIT Inc.
Delaware X-tra Games
Ltd. Ireland X-tra
Music Limited Ireland
X-tra Vision Properties
Ireland X-tra Vision
Video Films Ltd.
Ireland X-tra Whole
Sale Limited Ireland
Xtra-Vision Ltd.
Ireland Yellams LDC
Cayman Islands 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) of Viacom Inc. and in the Registration Statements on Forms S-8 (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 11, 2002, included in Item 8 of this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
March 28, 2002

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. Morrill, severally and not jointly, to be his true 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, 2001 (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 20th day of March, 2002.

/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 20th day of March, 2002.

/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 20th day of March, 2002.

/s/ George H. Conrades

George H. Conrades

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/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 20th day of March, 2002.

/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 20th day of March, 2002.

/s/ Jan Leschly

Jan Leschly

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/s/ David T. McLaughlin

David T. McLaughlin

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/s/ Ken Miller

Ken Miller

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/s/ Leslie Moonves

Leslie Moonves

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/s/ Brent D. Redstone

Brent D. Redstone

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/s/ Shari Redstone

Shari Redstone

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/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 20th day of March, 2002.

/s/ William Schwartz

William Schwartz

VIACOM INC.

Power of Attorney

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virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/s/ Ivan Seidenberg

Ivan Seidenberg

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/s/ Patty Stonesifer

Patty Stonesifer

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March, 2002.

/s/ Robert D. Walter

Robert D. Walter