

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2005

OR

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

For the transition period from _____ to _____

Commission File Number 001-32686

VIACOM INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

20-3515052
(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, \$0.001 par value	New York Stock Exchange
Class B common stock, \$0.001 par value	New York Stock Exchange

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

None
(Title Of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2005, the last business day for the registrant's most recently completed second fiscal quarter, there was no established public trading market for Viacom Inc.'s Class A common stock, \$0.001 par value or its Class B common stock, \$0.001 par value. The aggregate market value of Class A common stock held by non-affiliates as of January 31, 2006 was approximately \$742,155,083 (based upon the closing price of \$41.50 per share as reported by the New York Stock Exchange on that date) and the aggregate market value of the shares of Viacom Inc.'s Class B common stock, held by non-affiliates was approximately \$25,717,220,334 (based upon the closing price of \$41.48 per share as reported by the New York Stock Exchange on that date).

As of February 28, 2006, 64,053,685 shares of Class A common stock and 666,713,304 shares of Class B common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Viacom Inc.'s Notice of 2006 Annual Meeting of Stockholders and Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Proxy Statement") (Part III).

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SIGNATURES

Item 1. Business.**SEPARATION FROM THE FORMER VIACOM INC.**

On December 31, 2005, we became a stand-alone public company in connection with our separation from the former Viacom Inc. (the "Former Viacom"). Prior to the separation, we were a wholly-owned subsidiary of Former Viacom known as "New Viacom Corp." and acquired all of our initial businesses from the Former Viacom. The separation was effected through a merger, pursuant to which Viacom Merger Sub Inc. was merged with Former Viacom, with Former Viacom continuing as the surviving entity and being renamed CBS Corporation, and New Viacom Corp being renamed Viacom Inc.

On December 31, 2005, in connection with the merger and the separation, each share of Former Viacom Class A common stock was converted into the right to receive 0.5 of a share of Viacom Class A common stock and 0.5 of a share of CBS Corporation Class A common stock. Similarly, each share of Former Viacom Class B common stock was converted into the right to receive 0.5 of a share of Viacom Class B common stock and 0.5 of a share of CBS Corporation Class B common stock. Holders of Viacom Class A and Class B common stock received cash in lieu of fractional shares. In accordance with the terms of the Separation Agreement, on December 29, 2005 we paid a preliminary special dividend to Former Viacom of \$5.4 billion.

See "Management's Discussion and Analysis of Results of Operations and Financial Condition" for more information. References to "Viacom," "Company," "we," "us" and "our" refer to Viacom Inc. and its consolidated subsidiaries through which its various businesses are conducted, unless the context requires otherwise.

RECENT DEVELOPMENTS

On January 31, 2006, we completed our acquisition of DreamWorks LLC ("DreamWorks"), a leading producer of live-action motion pictures, television programming and home entertainment products, for approximately \$1.6 billion consisting of cash and the assumption of debt. We also entered into exclusive seven-year agreements for worldwide distribution rights and fulfillment services to films produced by DreamWorks Animation SKG, Inc. We are well along in our discussions regarding the sale of most of the DreamWorks live-action film library. In connection with the sale, we expect to retain the distribution rights to these films for at least a five-year period.

BUSINESS OVERVIEW

We are a leading worldwide multiplatform, pure play content company with operations in the following segments:

- **Cable Networks:** The Cable Networks segment consists of the businesses of MTV Networks, including MTV: Music Television®, MTV2®, Nickelodeon®, Nick at Nite®, Noggin®, The N®, Nicktoons Network™, Turbo Nick™, VH1®, TV Land®, Spike TV®, CMT®: Country Music Television™, Logo™, Comedy Central®, Comedy Central's MotherLoad™, MTV Desi™, MTV Chi™, MTV Español®, mtvU™, mtvU Uber™, MTV Hits™, MTV Jams™, TEMPO™, MTV Overdrive™, MHD™, VH1 Classic™, VHUno™, VH1 Soul™, VH1 Country™, VH1's Vspot™, Game One™, VIVA™, TMF™, The Box™, Paramount Comedy™, Neopets™, GameTrailers.com™ and IFILM®; and the businesses of BET Networks, which include BET® (Black Entertainment Television) and BET J™; and other program services, including online programming services such as websites, broadband channels and wireless applications.

- **Entertainment:** The Entertainment segment includes Paramount Pictures®, which produces and distributes feature motion pictures, Famous Music®, which engages in the music publishing business, and interests in 20 movie theaters.

Our revenues from the Cable Networks Segment accounted for 70%, 71% and 65% of our revenues for 2005, 2004 and 2003, respectively, our revenues from the Entertainment Segment accounted for 31%, 31% and 36% of our revenues for those periods, and elimination of intercompany revenues accounted for (1)%, (2)% and (1)% of our revenues for those periods. We generated approximately 22% of our total revenues from international operations, principally in Europe and Canada, in 2005 and 21% in 2004 and 2003. In 2005, our total international revenues were \$2.14 billion, of which 63% was generated in Europe and 10% in Canada. Revenues from the Cable Networks segment are generated primarily from advertising sales, affiliate fees, home entertainment sales and licensing and merchandising of branded products. Revenues from the Entertainment segment are generated primarily from the licensing and sale of feature film rights in various media and territories.

Other recent acquisitions and dispositions. On November 22, 2005, MTV Networks acquired substantially all the assets of GameTrailers LLC, including the internet site GameTrailers.com. GameTrailers.com is the largest online focused provider and aggregator of broadband video content for video game enthusiasts. On October 12, 2005, MTV Networks acquired IFILM Corp., which owns IFILM.com, a website that allows users to upload and download short video clips, TV show segments and movie trailers, for \$49.0 million. On August 2, 2005, Famous Music acquired The Extreme Music Library Limited and Director's Cuts Production Music Limited and their wholly-owned subsidiaries, which are companies engaged in the production music library business, for approximately \$45.1 million. On July 22, 2005, Former Viacom sold Famous Players, its Canadian-based theater chain for approximately \$400.0 million. On June 20, 2005, MTV Networks acquired Neopets for approximately \$160.0 million. Neopets is the owner and operator of Neopets.com, a leading online destination and community for kids and young adults, whose members, among other things, create and care for virtual pets. During 2004, MTV Networks acquired 97.8% of VIVA, a youth entertainment media company based in Germany, for a total purchase price of \$393.6 million and acquired the remainder in 2005. In October 2004, Former Viacom completed the split-off of Blockbuster by exchanging the 72 million shares of Blockbuster class A common stock and 72 million shares of Blockbuster class B common stock that it owned for 27,961,165 shares of Former Viacom class A and class B common stock. Due to the distribution of assets in connection with the separation, our results of operations include Blockbuster and Famous Players as discontinued operations through the respective closing dates of those transactions.

For additional information about significant acquisitions and dispositions, see Notes 4 and 7 to our consolidated financial statements.

We compete with many different entities and media in various markets worldwide. Our primary competitors in the cable and entertainment businesses include Time Warner Inc., News Corporation, The Walt Disney Company, NBC Universal Inc., The E.W. Scripps Company and Discovery Holding Company.

We were organized as a Delaware corporation in 2005 and our principal offices are located at 1515 Broadway, New York, New York 10036. Our telephone number is (212) 258-6000 and our website address is www.viacom.com.

Competitive Strengths

We believe we possess a number of strengths that enable us to compete successfully:

One of the largest collections of cable programming assets in the world, with leading global brands that are attractive advertiser vehicles. We have one of the largest collections of cable

programming assets in the world. Our leading program services reach more than 165 territories through over 120 worldwide cable networks presented in over 25 different languages and reach over 440 million subscriber households worldwide. In the United States, our leading networks program approximately 1,780 hours per week and, according to Nielsen Media Research®, reached approximately 150 million television viewers each week in the period from October 2005 to December 2005. Many of our brands, such as MTV, Nickelodeon and VH1 are known worldwide. Interbrand Corp., an international brand consultancy, has regularly cited MTV as one of the world's most valuable brands, including in 2005. Nickelodeon, which as of December 31, 2005 was available in over 300 million television households worldwide, is one of the world's most widely distributed children's television brands and has been the top-rated cable network for children in the United States for the past ten years.

MTV Networks and BET develop brands that appeal to a wide range of targeted niche audiences, which also represent demographics sought after by advertisers. In the United States, MTV Networks and BET delivered the most multichannel viewers in the 12 to 34-year-old demographic during the 2004 to 2005 broadcast season, according to Nielsen Media Research. MTV: Music Television ("MTV") has been the top advertising-supported 24-hour basic cable network among 12 to 24-year-olds for 35 consecutive quarters and Nickelodeon accounted for 53% of all viewing of advertising-supported children's television programming in the United States by children ages two to eleven during the 2005-2006 broadcast season through January 2006. Our broad distribution to specialized audiences and our focus on forging strong connections with our audiences make our networks an attractive vehicle for advertisers. Our strong in-house research teams focus on identifying emerging behaviors and trends among core audiences, which we believe is a key competitive advantage. These factors, combined with our integrated presence on a variety of digital and broadcast platforms, allow us to provide an efficient and reliable vehicle for advertisers to reach consumers.

A long-standing international presence with a global footprint. We have a significant and growing presence worldwide. Established advertising, distribution and programming relationships in these markets, together with our infrastructure, provide a strong platform for new channel launches and complementary acquisitions. We have created over 120 worldwide cable networks that are seen in more than 165 territories. Over the last 12 months alone, we have launched 19 program services internationally, including Nickelodeon in Germany and France, VH1 in Brazil, Poland and Russia, and MTV in Norway, Finland and Denmark. Our global footprint also allows us to incubate technical and programming expertise in emerging markets where certain new media products have been deployed more extensively than in the U.S. markets. For example, we have launched programming applications for advanced mobile services in Japan and Europe, which we believe better prepares us to offer these services as the U.S. market develops.

A strong connection with audiences, a proven ability to create global hits and a valuable entertainment library. Our focus on understanding our audiences through research enhances our ability to develop innovative and original programming. Our programming is broadly diversified, with popular shows and films that appeal to a variety of audiences, and with new shows and interactive programming continually being developed and debuted throughout the year. Our television programming includes popular shows and enduring characters, including *The Real World*, *SpongeBob SquarePants*, *South Park*, *Dora the Explorer*, *The Daily Show with Jon Stewart*, *Laguna Beach*, *Blue's Clues* and *Rugrats*. Our programming also includes events, such as the annual *MTV Video Music Awards*, *Nickelodeon's Kids' Choice Awards*, *VH1 Save the Music*, *CMT Music Awards*, *MTV Movie Awards*, *CMT's Miss America Pageant*, *Spike TV Video Game Awards*, *Comedy Central Roast* and the *BET Awards*. We have significant in-house creative capabilities and have helped launch the careers of some of the entertainment industry's leading entertainers, directors and producers. We believe that our strong creative track record, our willingness to experiment with new shows and concepts, the strength and breadth of our distribution infrastructure, our solid financial foundation and our well-known media brands help attract and retain creative talent. Our motion picture library includes rights to some of the best loved and

most successful films, including *Titanic*, *The Godfather* trilogy, the *Indiana Jones* films, *Forrest Gump* and *Braveheart*. We also have and expect to retain, following our sale of most of the DreamWorks live-action library, distribution rights to these films for at least a five-year period, including *Gladiator*, *American Beauty*, *War of the Worlds*, *Saving Private Ryan* and *Munich*.

As a result of our creative output in television and in motion pictures, we have assembled a library with significant future revenue potential. Our library consists of over 1,000 motion picture titles, approximately 18,000 hours of television programming and varying rights for approximately 2,500 additional motion picture titles. Our library also contains titles that have not yet been fully exploited in the DVD or other digital media formats.

A secure distribution platform and a strong track record of obtaining new carriage. Our cable programming services are made available to consumers in the United States and internationally through affiliation agreements with distributors that generally are long-term, have staggered expiration dates and provide for built-in rate increases and protected distribution. Eight of our cable programming services are distributed in over 75 million homes in the United States, and four of our other services currently reach more than 35 million homes in the United States. The majority of our networks are available on broadly distributed programming tiers. We believe that our strong relationships with our affiliates, the quality and popularity of our networks and our ability to create programming that is appealing to viewers have enabled us to renew existing affiliation agreements, to obtain new distribution for existing networks and to launch new networks.

An established and growing multiplatform presence. We program and operate over 100 websites, including broadband sites, which collectively attracted over 23 million unique visitors monthly in each of the last three months of 2005, giving us the second most-visited entertainment website portfolio on the Internet during that period. We continue to launch integrated broadband channels and content, online communities, wireless applications and video-on-demand offerings across our properties in many countries around the world. We are building wireless services for the majority of our core brands and are partnering with carriers such as Virgin Mobile USA, Verizon Wireless, Sprint, China Mobile, and DoCoMo in Japan to deliver ringtones, text updates and video programming. We also recently acquired Neopets, the owner and operator of Neopets.com, a leading online destination and community for kids and young adults. In the fourth quarter of 2005, MTV Networks acquired IFILM and GameTrailers.com, each of which provide entertainment content via websites. MTV Networks has various rights in various territories to create and distribute content for mobile devices. For example, in June 2005, we entered into a global licensing agreement with Warner Music Group to create and distribute short form video content for mobile devices that contains audio visual excerpts. In December 2005, we joined Microsoft in unveiling MTV Networks' new digital media service, called Urge, which will integrate Microsoft's Windows Media Player with MTV Networks' music brands. Also, in January 2006, we announced a deal with Apple to make certain content from MTV, MTV2, Comedy Central, Nickelodeon and The N available for purchase on Apple's iTunes Music Store.

An attractive financial profile. In 2005, we derived 41% of our revenues from advertising, 30% from feature film exploitation, 19% from affiliate fees, and 10% from other revenues. Our largest business segment, Cable Networks, has increased its revenue at a compound annual growth rate of 19% from 1995 through 2005. Operating income in this segment has increased at a compound annual growth rate of 20% from 1995 through 2005. We have a large worldwide consumer products licensing business. Basic cable programming services receive revenue from both advertising and affiliate fees, which increases the predictability of these revenues. Further, many of our services, particularly our cable programming services, develop programming through in-house capabilities, resulting in lower overall production costs.

An experienced management team with a proven creative and financial track record. Our operations are led by a financially-disciplined management team that has the expertise and the vision to

develop and successfully exploit its programming and other content. Our senior management and the senior management of our businesses consist of leaders in the media and entertainment industry who have established track records of success.

Business Strategy

Our mission as a newly separate company is to be the leading global, consumer-focused, branded entertainment company, with the most respected, most successful and best-in-class brands that live across television, motion pictures and digital media platforms. Our success is linked to our operating principles, which set us apart from other companies. First, we are focused on consumers: we believe that if we can connect with our key consumers, then everything else in our business will follow naturally. Second, we have a brand-centric philosophy; in a fragmented media market, we believe that strong brands are increasingly the most reliable navigation tools for the consumer. We continuously evolve and revitalize our brands to strengthen their audience connection and competitive position. Third, we foster a creative culture and seek creative excellence. Our success in developing original content, from MTV Networks to BET Networks to Paramount Pictures, is a result of an institutional commitment to creativity. Finally, we also bring a global perspective to everything we do. We believe that we can deliver superior returns to stockholders by capitalizing on these strengths and deepening our relationships with advertisers, distribution affiliates, creative talent and licensees.

More specifically, we plan to:

Enhance our position as a leading multiplatform, pure play content company, with the world's leading entertainment brands. Our brand-centric, multiplatform strategy and global footprint give us access to the highest growth areas of the advertising sector. Not only do we have a portfolio of brands that consumers demand, but we also have long-term deals with distributors that include built-in annual rate increases. We intend to continue investing in programming and new and existing brands to serve and grow our audiences, and expand our distribution and advertising revenue streams. In particular, we expect to target new demographic and interest groups and continue the development of existing services in order to retain and expand our audiences and the value of our brands. These initiatives will also continue to benefit from our core consumer research and creative strengths.

Enlarge our established global footprint. Our global footprint continues to expand. We were the first media company to reach the 100 channel milestone when we launched our first channel in Africa early in 2005. We believe our established position as a multichannel network operator in many regions of the world provides us with significant growth opportunities by acquiring other networks, broadening our platforms, and growing our consumer products business. We expect to use our knowledge and experience in local markets around the world and our worldwide scale to develop and acquire new programming services. We also expect to strengthen our international position by building our own organizations to distribute theatrical and television rights to motion pictures in important foreign markets and by strengthening distribution of home entertainment products internationally.

Expand our growing multiplatform business and monetize the growth trend in digital media. Our digital strategy mirrors our targeted demographic approach to cable and allows us to offer deeper and more engaging experiences around our areas of expertise and our target audiences. We believe media fragmentation plays to our strengths, and our intent is to take advantage of emerging technological and consumer trends by extending our brands and distributing our content into new forms of integrated digital distribution, such as broadband, wireless, online community, video-on-demand, high-definition programming and other businesses. We aim to achieve this through a combination of organic growth, investment in our existing and complementary businesses, strategic relationships, and focused acquisitions that fit with our current brands and core competencies. We believe our connection with our audiences, our marketing expertise and our ability to integrate new digital offerings and experiences on multiple platforms will support this expansion, which we expect to generate both

increased revenue growth and stronger connections with our existing viewers. Our key television viewers are kids, teens and young adults, who are the early adopters and the heavy users and drivers of new media growth, and that is where we will continue to focus.

Successfully execute the turnaround of Paramount Pictures. We believe we have a significant opportunity to turn around Paramount Pictures and, with the acquisition of DreamWorks, have begun taking significant steps to do so. With a new management team in place at Paramount Pictures and key talent at DreamWorks, we intend to pursue projects more closely aligned with the tastes of target movie-going audiences and to take advantage of our significant marketing and creative capabilities. Our movies will benefit from the brand association demographics and marketing power of our over 120 worldwide cable networks. In addition, these networks provide access to up-and-coming talent as well as valuable consumer knowledge. Paramount Pictures intends to release films not only under the Paramount Pictures label and its specialty film arm, but also under the DreamWorks label, and MTV, Nickelodeon and BET brands. We also plan to strengthen and upgrade our worldwide home entertainment operations, enhance our revenue opportunities by retaining a greater proportion of international rights for theatrically released films and begin the self-distribution of films theatrically in certain key international markets.

Build on our reputation as a great place to work. We have created and are committed to maintaining a diverse culture that attracts the best people, embraces original ideas, adapts quickly, promotes integrity, creativity and innovation, and values fun. We believe this diverse and creative culture will enable us to develop and to market equally diverse, creative and valuable television, motion picture and new media programming and will give us a significant strategic advantage, in the United States and around the world.

BUSINESS SEGMENTS

Our reportable business segments are Cable Networks and Entertainment. Financial and other information by segment is included in the Notes to the consolidated financial statements.

Cable Networks (70%, 71% and 65% of our combined revenues for 2005, 2004 and 2003, respectively)

We own and operate advertiser-supported basic cable television program services in the United States and internationally.

Our cable networks generate revenues principally from two sources: the sale of advertising time on our networks and the receipt of affiliate fees from cable television operators, direct-to-home or "DTH" satellite operators and other distributors. In 2005, revenues from advertising sales and affiliate fees were 60% and 27%, respectively, of total revenues for the Cable Networks segment. Our cable networks also derive revenues from home entertainment sales of our cable programming, the licensing of our cable networks in international markets and the licensing of our brands for consumer products. The sale of advertising time is affected by the desirability of viewer demographics, viewer ratings and market conditions for advertising time. Affiliate fees and licensing revenues are related to the popularity of cable programming. Adverse changes to any of these factors could have an adverse effect on revenues. See the section entitled "—Cable Networks Competition" beginning on page I-13. To sell advertising, we maintain both domestic and international sales forces, which call on both clients and their associated advertising agencies. To meet a broad range of client needs, we maintain specific sales forces around key brands, such as MTV and Nickelodeon. We also have the ability to package across brands and platforms where client needs dictate this approach or when such a strategy is beneficial to it, for example during the "upfront" selling season, during which advertisers purchase advertising inventory prior to the start of the broadcast television season. Our revenue from advertising is subject to seasonal and market-based variations and typically increases in the fourth quarter.

Cable and DTH satellite distribution are currently the predominant means of distributing our program services in the United States. Internationally, distribution technology varies region by region. We have historically negotiated affiliation agreements generally with long terms and staggered expiration dates with cable television operators and DTH satellite operators. These agreements generally cover a number of networks which may be provided by the cable operator or DTH satellite operator to consumers in various channel positions and programming "tiers," and may also include additional platforms such as video-on-demand. These agreements are generally renewed. Consolidation among cable and DTH satellite operators over the past several years has meant that approximately 89% of the cable and DTH households in the United States are now controlled by eight distributors and, after the closing of pending acquisitions in the industry, approximately 43% of households will soon be controlled by the top two distributors. International markets are also experiencing consolidation. Industry consolidation can make it more difficult for us to negotiate favorable arrangements with our distributors.

We produce original programming using internal production employees, freelance employees and external production companies. We also acquire programming such as movies and television series from television production companies and movie studios. Production costs are generally variable and depend primarily on the cost of on and off-screen talent, whether or not scripted, and whether animated or live.

We are an industry leader in developing programming for our networks that target specific audiences. Cable and DTH satellite operators seek to carry programming that appeals to consumers they wish to attract to their businesses. We believe that our track record and skill in researching and understanding our consumers and developing niche, innovative cable networks, together with our relationships with distributors, provides us with an advantage in obtaining distribution for new services. For example, in June 2005 we launched Logo, a gay and lesbian themed network. In November 2005, we launched TEMPO, a new network dedicated to Caribbean music and culture. On January 16, 2006, MTV Networks launched MHD, a high-definition television channel featuring multiple genres of music drawn from the MTV, VH1 and CMT family of brands.

For 2005, according to information from the Nielsen Media Research report covering the period between December 27, 2004 and December 25, 2005, our basic cable networks had the following percentage shares in total television viewing: approximately 21% (for viewers ages 2-24), 17% (for viewers ages 2-34), 16% (for viewers ages 12-34) and 10% (for viewers ages 18-49).

MTV Networks

In the United States, MTV Networks' owned and operated program services, including MTV, MTV2, Nickelodeon, Nick at Nite, Noggin, The N, Nicktoons Network, Turbo Nick, VH1, TV Land, Spike TV, CMT: Country Music Television ("CMT"), Comedy Central, Comedy Central's MotherLoad, MTV Desi, MTV Chi, MTV Español, mtvU, mtvU Uber, MTV Hits, MTV Jams, MTV Overdrive, VH1 Classic, VHUno, VH1 Soul, VH1 Country, VH1's Vspot, Logo, Neopets, IFILM and GameTrailers.com among others. Subscriber numbers for MTV Networks are typically based on Nielsen Media Research reports.

MTV's programming consists primarily of youth-oriented programs including music videos, music-based programming, music and general lifestyle information, reality-based programming, comedy and dramatic series, animated programs, news specials, interviews and documentaries. Recent programming highlights include the annual *MTV Video Music Awards*, *The Real World*, *My Super Sweet 16* and *Laguna Beach*. At December 31, 2005, MTV reached approximately 89 million domestic subscriber households. MTV2, a spin-off of MTV, features music videos from a broad range of musical genres and related programming. At December 31, 2005, MTV2 reached approximately 59 million domestic subscriber households. In July 2005 and December 2005, we launched MTV Desi and MTV Chi, respectively, the

first two networks under the MTV World™ brand. MTV World consists of a package of domestic program services, each including programming that is originally produced and programming derived from MTV Networks' international program services, and is designed to appeal to an ethnic-targeted American youth audience. mtvU offers students on U.S. college campuses a blend of music, news, sports and college-specific programming.

MTV Networks licenses music videos from record companies for exhibition on MTV, MTV2, VH1, CMT and other MTV Networks programming services, in exchange for cash and advertising time or for promotional consideration. MTV Networks has entered into global music video licensing agreements with certain major record companies and into global or regional licensing agreements with certain independent record companies. MTV Networks also licenses various other music rights from record companies, music publishers, performing rights societies and others. MTV Networks expects to continue or initiate additional global or regional license agreements with these and other parties.

VH1 presents music programming, including music videos, long-form programming, live music events, reality-based programming, documentaries and other pop culture and lifestyle programming. Recent programming highlights include *I Love the 80s* and *Celebrity Fit Club 3*. At December 31, 2005, VH1 reached approximately 88 million domestic subscriber households. CMT primarily presents country music-related original programming, live concerts and events, as well as country music videos. Recent programming highlights include the *2006 Miss America Pageant* and *Trick My Truck*. At December 31, 2005, CMT reached approximately 79 million domestic subscriber households.

Nickelodeon's programming consists primarily of originally produced programs appealing to audiences ages two to eleven, which includes Nick Jr., a program block designed for two to five year olds, and popular shows such as *Dora the Explorer*, *Zoey 101*, *The Fairly Odd Parents* and *SpongeBob SquarePants*. Nick at Nite is telecast in the evening and nighttime hours, appeals primarily to audiences ages 18 to 49 and offers mostly situation comedies from various eras and original programming. At December 31, 2005, each of Nickelodeon and Nick at Nite reached approximately 90 million domestic subscriber households. Nickelodeon, the world's leading multimedia entertainment brand dedicated exclusively to kids, reaches a total of 302 million households in 167 territories worldwide via 28 channels, 21 branded program blocks and two broadband services across Africa, Asia and the Pacific Rim, CIS/Baltic Republics, Europe, Latin America, and the United States. Programming is also aired on the third-party broadcasters in major territories around the world, increasing Nickelodeon's exposure to 669 million households. Noggin is a commercial-free educational channel designed for pre-schoolers, offering twelve hours of educational classics such as *Sesame Street* and *Blue's Clues* along with new original series like *Oobi* and *Jack's Big Music Show*. The N, an ad-supported programming block targeted to the teen audience, is telecast during the evening and nighttime hours on Noggin and features licensed teen classics such as *Sabrina the Teenage Witch* and *Moesha* and original programming such as *DeGrassi: The Next Generation* and *South of Nowhere*. Nicktoons Network, the 24-hour animation network owned by Nickelodeon, features a wide variety of programming that have defined kids' and animation lovers' television for more than 10 years. Targeting kids 6 to 14, Nicktoons Network features programming that is 70% exclusive to the channel, including *Martin Mystery*, *My Dad the Rock Star*, *Corneil & Bernie*, *Kaput & Zosky* and *Yakkity Yak*, as well as classic Nicktoons hits like *Ren & Stimpy*, *Invader Zim*, *Ahhh! Real Monsters*, *SpongeBob SquarePants* and *The Fairly OddParents*. In addition, Nicktoons Network is home to award-winning short-form programming that helped redefine kids' television. As of December 31, 2005, Nicktoons Network reached approximately 36 million domestic subscriber households.

Comedy Central features comedy programming, including *The Daily Show with Jon Stewart*, *The Colbert Report*, *South Park* and *Reno 911*. At December 31, 2005, Comedy Central reached approximately 88 million domestic subscriber households. TV Land consists of a broad range of well-known television programs, including comedies, dramas, westerns, variety and other formats from the 1950s through today. At December 31, 2005, TV Land reached approximately 86 million domestic

subscriber households. Spike TV is an entertainment network for men which features hit original series, such as *The Ultimate Fighter*, acquired series, such as *CSI: Crime Scene Investigation*, and movies such as *Die Another Day* and *Scarface*. At December 31, 2005, Spike TV reached approximately 90 million domestic subscriber households. In June 2005, we launched Logo, a gay and lesbian themed network, which, based on reporting by distributors, reached approximately 19 million subscribers as of December 31, 2005.

MTV Films and Nickelodeon Movies produce and acquire the rights to feature films, the majority of which were released by Paramount Pictures. In many cases, Paramount Pictures incurs the production and marketing costs of films it releases that are produced by MTV Films or Nickelodeon Movies. MTV Films and Nickelodeon Movies are entitled to receive fees and participations based on the performance of these films.

International Operations. Internationally, MTV Networks owns and operates, participates in as a joint venturer, and licenses third parties to operate, over 95 MTV Networks program services, including MTV, VH1, Nickelodeon, TV Land, Paramount Comedy, The Box, CMT, Game One, VIVA and TMF, among others. These program services reach audiences in Canada, Asia, Europe, Australia, Latin America, the Caribbean and Africa. Most of the MTV Networks international program services are regionally customized for the particular viewers through the inclusion of local music, programming and on-air personalities, and use of the local language. MTV Networks Europe is among Europe's most widely distributed cable and satellite networks, comprising more than 65 individual music, kids and comedy channels. As of July 2005, the leading MTV Networks program services reached approximately 132 million households and 157 million households in Europe (excluding Russia) and Asia (including Australia), respectively, and approximately 154 million households in the rest of the world (including the United States) through a combination of DTH satellite operators, cable and terrestrial distribution.

We actively pursue the development or acquisition of program services in international markets. During 2004 and 2005, MTV Networks acquired 100% of VIVA, a German-based television company with six channels across Europe; launched VH1 in Latin America and Nickelodeon in Italy and France; expanded MTV's and Nickelodeon's presence in China; launched Nickelodeon to approximately 30 million households in Germany; launched MTV base™, a pan-African music television channel; launched MTV in Norway, Finland and Denmark; and launched TEMPO, a Caribbean lifestyle television channel.

BET Networks

BET Networks' owned and operated cable program services include BET and BET J (formerly BET Jazz), and its digital services BET Gospel® and BET Hip Hop®. BET targets the African-American viewing audience by providing a broad mix of music, entertainment, sports, religious, news and public affairs programming, consisting of both original and acquired programs, including *The BET Awards Show*, *106 & Park: BET Top Ten Live* and *The BET Comedy Awards*. BET J, a U.S. network devoted primarily to jazz, R&B and neo-soul music, includes programming that consists of a mixture of in-studio performances, festivals, concerts, celebrity interviews and documentaries such as *Journey with Jazz at Lincoln Center*.

As of December 31, 2005, according to Nielsen Media Research, BET reached approximately 81 million domestic subscriber households. BET J derives its revenue principally from subscription fees generated by the license of its network to cable television operators, DTH satellite operators and other distributors. On March 1, 2006, DIRECTV launched BET J as part of its service. This, when added to an additional launch by Charter Communications in late 2005, gives BET J a distribution platform that reaches approximately 21 million homes, based on reports from our affiliates.

BET Gospel features gospel music programming, gospel artist performances and interviews, religious ministries, family programming and programming fare designed to provide spiritual fulfillment. BET Event Productions® produces special musical events and festivals featuring various music genres. Its services include event management, venue selection, talent recruitment and sound, light and stage production, including supporting the production needs of BET J.

The following table highlights many of MTV Networks' and BET's channels in various regions:

NORTH AMERICA (United States and Canada)

MTV	VH1	NICKELODEON	BET	OTHER
MTV	VH1	Nickelodeon	BET	CMT
MTV2	VH1 Classic	Nick at Nite	BET Gospel	Comedy Central
MTV Desi	VH1 Country	Nick GAS	BET J	Logo
MTV Español	VH1 Uno	Nicktoons Network		Spike TV
MTV Hits	VH1 Soul	Noggin		TV Land
MTV Jams		The N		
MTV Puerto Rico				
mtvU				
MTV Chi				
TEMPO				
MHD				

EUROPE/MIDDLE EAST/AFRICA

MTV		NICKELODEON	THE MUSIC FACTORY	VIVA
Adria	Norway	Cyprus	TMF Flanders	Viva (Germany)
base (Africa)	Polska	España	Belgium	Viva+
base (UK/Ireland)	Idol (France)	European	Netherlands	Hungary
Brand New (Italy)	Pulse (France)	Germany	NL (Netherlands)	Polska
Classic (Poland)	Portugal	Israel	Party (Netherlands)	Switzerland
Dance (UK/Ireland)	Romania	Italia	Pure (Netherlands)	
Denmark	Russia	Netherlands	UK	GAME ONE
España	Sweden	Nick Jr (Netherlands)		France
European	UK/Ireland	Nick Jr (UK)	PARAMOUNT COMEDY	Israel
Finland		Nick Replay (UK)	Italia	THE BOX
France	VH1	Nick Toons TV (UK)	Spain	Netherlands
Germany	Classic (UK)	Nordic	UK (1)	
Hits (Italy)	European	Portugal	UK (2)	
Flux (Italy)	UK	France	UK (+1)	
Hits (UK/Ireland)	VH2(UK)	UK		
Italia	Russia			
MTV2 (UK/Ireland)	Poland			
Netherlands				

ASIA/PACIFIC

MTV		VH1	NICKELODEON
Australia	Korea	Australia	Asia
China	Mandarin	India	Australia
India	Philippines	Indonesia	India
Indonesia	Southeast Asia	Thailand	Japan
Japan	Thailand		Korea
			Nick Jr (Australia)
			Philippines

LATIN AMERICA (Including Mexico)

MTV	VH1	NICKELODEON
Brasil	Latin America	Brasil
MTV (North)	Brasil	Nickelodeon (North)
MTV (South)	Logo	Nickelodeon (South)

Websites and Digital Services

We operate Internet sites, including numerous music websites, around the world that target the current audiences of our various television program services, as well as to other online audiences. These websites provide entertainment and information, serve as an additional outlet for advertising sales and serve as a promotional platform for programming and program services. Averaged over the last three months of 2005, our websites collectively attracted over 23 million monthly unique visitors (inclusive of Neopets.com and BET.com) according to comScore Media Metrix (a division of comScore Networks Inc.), a leading online audience research measurement service, giving us the second most-visited entertainment website portfolio on the Internet during that period. These Internet sites derive revenue from a combination of advertising and sponsorships, subscription services and e-commerce, with 56% growth in Internet advertising for 2005 when compared to the prior year. MTV Networks currently obtains much of its website content from record labels, music publishers and artists.

We are rapidly extending our brands to new platforms of distribution. Leading broadband entertainment offerings based on our brands are a key focus of MTV Networks, providing original, on-demand and personalized video programming with content archives and cutting-edge functionality. For example, we provide broadband-based interactive video experiences, with products such as MTV Overdrive, mtvU Uber, Turbo Nick, VH1's Vspot and Comedy Central's MotherLoad. In the wireless area, we also provide a mix of digital applications, ringtones and video programming to partners such as Virgin Mobile USA, Verizon Wireless and Sprint in the United States and China Mobile and DoCoMo internationally. MTV Networks has various rights in various territories to create and distribute content for mobile devices. In June 2005, we entered into a global licensing agreement with Warner Music Group to create and distribute short form video content for mobile devices that contains audio visual excerpts. We have entered into worldwide and/or U.S.-only agreements with three of the four major recorded music groups for the online distribution of their music videos on a free-to-the-viewer, on-demand basis. We have an arrangement with Apple to make certain MTV, MTV2, Nickelodeon, The N and Comedy Central programs available for purchase on Apple's iTunes Music Store. Within the first month of the agreement, iTunes sold more than one million episodes of our content.

BET has an approximately 42% interest in BET Interactive, LLC, a company which, through its website, BET.com, offers users content and interactive features for news, entertainment, community and other areas tailored to the unique interests and issues of African-Americans. BET.com also provides program schedules for BET and BET J, the latest music news, artist information, music offerings and interactive entertainment for BET's programs. For the twelve-month period January 1, 2005 to December 31, 2005, BET.com attracted over 1.7 million U.S. monthly unique visitors, according to comScore Media Metrix.

Our experience in international local markets also allows the introduction of new products for which markets are not yet developed in the United States. For example, in June 2005, we launched FLUX, a subscription-based service delivering entertainment and music via mobile phones and online networks to consumers in Japan. We also have 12 mobile television channels in Europe, including four in the United Kingdom.

The following table highlights certain of our websites, broadband channels and other wireless services:

WEBSITES

MTV

mtv.com
mtv.co.uk
mtv.it
mtv.de
mtv.ru
mtv.nl
mtv.fr
mtv.es
mtv.pl
mtve.com
mtv.tv
mtv.pt

mtv.ro
mtv2.com
mtv2europe.com
mtv.com.br
mtvla.com
mtvjapan.com
mtvasia.com
mtv.co.kr
mtvkorea.co.kr
mtvchina.com
mtv-china.com
mtvindia.com
mtvthailand.com
mtvchi.com

mtvbase.co.uk
mtvchinese.com
mtv.com.au
mtvclassic.pl
mobilemtv.com
broadbandmtv.com
mtvasiaaid.com
mtvdesi.com
mtveurope.com
mtvadria.com
mtvbaseafrica.com
mtvasiaawards.com

mtv2pop.de
mtveuropemusicawards.com
mtvema.com
isleofmtv.com
mtvadvancewarning.com
mtvthetrip.com
mtvatthemovies.com
mtvenus.com
mtv-media.com
exquisitemtv.com
mtv2.co.uk
mtvrevolution.com
mtvbarriò19.com
mtv2.co.uk
mtvcanada.com
mtv.ca

NICKELODEON

nick.com
nickjr.com
nickelodeon.com.au
nickjr.com.au
nickjr.co.uk
nick.co.uk
nick.kids.us
hahanick.com
nicktv.it
mundonick.com

noggin.com
nickelodeon.nl
nickelodeon.be
nickelodeon.se
nickelodeon.dk
the-n.com
nickarcade.com
nickjapan.com
nickelodeon.de
nickelodeon.pt

binweevils.com
nickjrgrownupgames.com
nickphonetones.com
nicksplat.com
nickjr.kids.us
nicktoonsnetwork.com
nickmobile.com.au
nickelodeon.es
nick.co.kr

VH1

vh1.com
vh1.co.uk
vh1e.com
vh1la.com
vh1.de
bestweekever.tv

THE MUSIC FACTORY

tmf.be
tmf.nl
themobilefactory.be

VIVA

vivamediaag.com
vivaplus.tv
viva.tv
vivatv.hu
vivapolska.tv
vivatv.ch

VIACOM

viacom.com
viacombrandsolutions.de

CMT

cmtcanada.com
cmt.com

COMEDY CENTRAL

comedycentral.com

PARAMOUNT

paramount.com
paramountcomedy.com
paramountclassics.com
homevideo.paramount.com
paramountbrasil.com.br
paramount.de
paramount.jp
paramount.nl
paramountcomedy.it
comedyisparamount.com

TV LAND

tvland.com
tvlandcanada.com

SPIKE TV

spiketv.com

LOGO

logoonline.com

BET

bet.com

MTVU

mtvU.com

OTHER

staying-alive.org
evergirl.com
southparkstudios.com
knowhivaid.org
flux.com
neopets.com
gottempo.com
gocitykids.com

THE BOX

thebox.nl

URGE

urge.com

IFILM

IFILM.COM

GAME ONE

gameone.net

GAMETRAILERS.COM

GameTrailers.com

BROADBAND CHANNELS

MTV Overdrive
mtvU Uber

VH1's Vspot

Comedy Central's MotherLoad

Turbo Nick

WIRELESS SERVICES

*MTV
MTV Mobile
VH1 Mobile
CMT Mobile

Spike Mobile
Nickelodeon Mobile
Game One Mobile

TMF Mobile
The Box Mobile
Paramount Comedy Mobile

Comedy Central Mobile
Flux
LOGO Mobile

MOBILE CONTENT DISTRIBUTION RELATIONSHIPS

DoCoMo
J-Phone
KDDI
Singtel
Virgin Mobile USA

Verizon Wireless
Sprint
Vodafone
Orange
T-Mobile

TIM
Telefonica
Telia
Telenor
Swisscom

Optus
China Mobile
O2
E-Plus
Bouyges

KPN
H3G
Sonera
Optimus
Cingular

Consumer Products Licensing

We own a large worldwide consumer products licensing business, licensing popular characters such as those featured in *Blue's Clues*, *Dora the Explorer*, *SpongeBob SquarePants* and *South Park* and such famous motion pictures as *The Godfather* trilogy and *Forrest Gump*. We license our brands and characters for and in connection with merchandise, videogames, and publishing worldwide. We generally are paid a royalty based upon a percentage of the licensee's wholesale revenues, with an advance against future expected royalties. We believe that licensing is lower risk and more profitable than manufacturing, distributing or selling these products at retail. Licensing revenue may vary from period to period depending on the popularity of the intellectual property available for license in a particular period and the popularity of licensed products among consumers.

Cable Networks Competition

MTV Networks. MTV Networks 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 MTV Networks services, advertising revenues derived by each program service depend on the number of households subscribing to the service through local cable operators, DTH satellite operators and other distributors, in addition to household and demographic viewership as determined by research companies such as Nielsen Media Research and various advertiser integrated marketing programs. MTV Networks' strategy is generally to differentiate its services to provide advertising buyers with an efficient way to reach viewers in particular demographic categories.

MTV Networks' services compete with other producers of television programming for actors and actresses, writers, producers and other creative talent and for new show ideas for its original programming. MTV Networks' services also compete with other cable services and broadcast television for the acquisition of popular programming. For example, television comedies and dramas that have previously aired on broadcast networks or other cable networks represent elements of the programming strategy for TV Land, Nick at Nite, and Spike. In order to acquire these programs, MTV Networks competes with other cable networks, including TBS, TNT, and USA Network.

MTV Networks' services compete for carriage by cable television operators, DTH satellite operators and other distributors with other program services, as well as other uses of bandwidth, such as retransmission of free over-the-air broadcast networks, telephony and data transmission. A principal focus of competition is for distribution of MTV Networks' services that are not already distributed within a particular cable or DTH system. For such program services, distributors make decisions on the use of bandwidth based on various considerations, including amounts paid by programmers for launches, affiliate and license fees payable by distributors and appeal to the distributors' subscribers. In addition, Nickelodeon competes internationally with other television program services and blocks

targeted at children for distribution over-the-air or by cable, DTH and other systems, and for distribution license fees and advertising revenue.

Certain major record companies that supply music content to various MTV Networks program services also operate music-based program services, including Viewsic, which is owned by Sony Music Japan. The Universal Music Group launched a music channel in 2005 that is carried on the EchoStar DTH platform. These music-based program services, as well as general entertainment and other program services, compete with MTV Networks' program services for distribution by cable, DTH and other systems, and for distribution license fees and advertising revenues.

BET: Black Entertainment Television. In addition to facing many of the same competitive issues that MTV Networks faces with respect to creative talent, acquiring popular programming and carriage by cable television operators, DTH satellite operators and other distributors, as well as other uses of bandwidth, BET generally faces competition for advertising revenue from other African-American targeted media, including other cable networks that target BET's African-American audience. Such competitors include TV One, African-American-oriented radio stations, magazines such as Ebony, Black Enterprise, Jet and Essence, and African-American-oriented broadcast television as well as with other media, generally.

Entertainment (31%, 31% and 36% of our consolidated revenues in 2005, 2004 and 2003, respectively)

The Entertainment segment includes Paramount Pictures, which produces and distributes feature motion pictures, Famous Music, which engages in the music publishing business, and interests in 20 movie theaters.

Features

Paramount Pictures produces, finances and distributes feature motion pictures. Each picture is a separate and distinct product with its financial success dependent upon many factors, among which cost and public response are of fundamental importance. In general, motion pictures produced or acquired for distribution by Paramount Pictures are exhibited in U.S. and foreign theaters followed by their release on DVDs and videocassettes, pay-per-view television, pay television, network television and basic cable and syndicated television exploitation. In 2005, Paramount Pictures theatrically released 12 motion pictures, including *Coach Carter* and *The Longest Yard*, which were produced in association with MTV Films, and *War of the Worlds*, a co-production with DreamWorks, *Four Brothers*, *Sahara* and *Yours, Mine and Ours*. In 2004, Paramount's 16 motion pictures included *Lemony Snicket's A Series Of Unfortunate Events*, *Collateral*, *Mean Girls* and *The SpongeBob SquarePants Movie*, some of which were produced in association with Nickelodeon Movies and MTV Films. Generally, Paramount Pictures incurs the production and marketing costs of films produced by MTV Films or Nickelodeon Movies and released by Paramount Pictures. In such cases, MTV Films or Nickelodeon Movies receive producer fees and participations based on the performance of these films. Paramount Classics®, a division of Paramount Pictures established to handle the distribution of specialized film product, released five films in 2005 including *Hustle and Flow*.

On January 31, 2006, we completed the acquisition of DreamWorks, a leading producer of live-action motion pictures, television programming and home entertainment products. The acquisition brings to Paramount Pictures all of DreamWorks' current projects in development, an ongoing production partnership with Steven Spielberg and David Geffen, DreamWorks' live-action film library and DreamWorks' television division and its properties. We also entered into exclusive seven-year agreements with DreamWorks Animation for worldwide distribution rights and fulfillment services to its animated films. We also obtained certain rights to DreamWorks Animation characters in TV shows. We are well along in our discussions regarding the sale of most of the DreamWorks live-action film library. In connection with the sale, we expect to retain the distribution rights to these films for at least a five-year period.

Paramount Pictures and DreamWorks expect to in the aggregate release 14 to 16 films in 2006, including *Mission: Impossible III*, *Nacho Libre*, *World Trade Center*, *Flags of Our Fathers*, *Charlotte's Web* and *Dreamgirls*. Release plans for films may change due to a variety of factors. Our revenue from feature films is subject to seasonal variations and typically increases in the summer.

Paramount Pictures has generally distributed its motion pictures for theatrical release outside the United States and Canada through United International Pictures ("UIP"), a company that we and an affiliate of Universal Studios, Inc. own. Pursuant to an agreement, UIP will continue to distribute each studio's films through 2006. Commencing in January 2007, Paramount Pictures will begin self-distribution in 15 key countries outside North America. Paramount Pictures and Universal Studios, Inc. will each have the option to continue a transitional distribution arrangement in these territories for up to two years. The UIP joint venture will continue to operate in certain other territories outside North America through December 2011. Distribution of DreamWorks and DreamWorks Animation motion pictures will be integrated with the distribution operations of Paramount Pictures and its international affiliates after a contractual transition period and during 2006.

Paramount Pictures distributes its motion pictures on DVDs and videocassettes in the United States and Canada through Paramount Home Entertainment™ and in the rest of the world generally through Paramount Home Entertainment International. Paramount Pictures' feature films initially theatrically released in the United States on or after January 1, 1998 have been exhibited exclusively in U.S. premium subscription television on Showtime Networks program services for certain windows. This arrangement will continue for films theatrically released through December 2007. Paramount Pictures also licenses its motion pictures for premium subscription television outside the United States through other pay services, for worldwide free and basic cable television release, and for residential and hotel/motel pay-per-view, airlines, schools and universities. License fees for exhibition on broadcast and/or cable television are generally collected in installments. License fees for television exhibition (including international and U.S. premium television and basic cable television) are recorded as revenue in the period that licensed films are available for such exhibition, which, among other reasons, may cause substantial fluctuation in Paramount Pictures' operating results. At December 31, 2005, Paramount Pictures had more than 1,000 motion pictures in its library. We also have a library of varying rights for additional motion picture titles, most of which consist of the Republic Pictures™ library. This library consists of approximately 1,400 theatrical motion pictures, including *It's a Wonderful Life* and *High Noon*, for which we and Paramount Pictures control rights for various media and territories and for varying terms.

Music Publishing

The publishing companies of Famous Music LLC own, control and/or administer all or a portion of the copyrights to tens of thousands of musical works such as songs, scores and cues, ranging from standards popular for many decades, such as *Mona Lisa*, *Silver Bells* and *Moon River* to contemporary hits by artists such as Eminem and Shakira. These rights are principally obtained in connection with motion pictures, television programs and other properties produced by our divisions, as well as from direct agreements between Famous Music and songwriters or their companies. Famous Music derives revenue from licensing the musical works it owns or controls either through direct licenses or licenses issued by major representatives and sublicensees such as the Harry Fox Agency, BMI, ASCAP, SESAC or foreign subpublishers. The musical works can then be used for mechanical reproduction and digital copies such as CDs, Internet downloads and ringtones, synchronization in television programs, theatrical motion pictures, karaoke devices and videogames, printed works, and public performances. In addition, Extreme Music and Director's Cuts, which are wholly-owned subsidiaries of Famous Music, are engaged in the production music library business. Those companies acquire music and recordings from composers, producers and production companies that cover a wide variety of musical genres and styles, but which do not involve popular songs. They then issue licenses for use of the music and recordings in films, commercials, television shows, promotional announcements and various other media

at rates lower than what would be charged for popular musical works. These companies own the music copyrights and master recordings to thousands of musical works.

Theatrical Exhibition

On July 22, 2005, Former Viacom sold Famous Players, its Canadian-based theater chain for approximately \$400 million. In the fourth quarter of 2004, entities affiliated with Former Viacom and Vivendi Universal sold their respective 50% equity interests in United Cinema International Multiplex B.V. ("UCI"). Following the sale, our affiliates and affiliates of Vivendi Universal continued to each own a 50% interest in entities which operated approximately 10 theaters in Brazil. Following an auction, this business was sold to National Amusements, Inc. ("NAI") in a transaction that closed in October 2005 and was approved by the unanimous vote of our disinterested directors. We currently have ownership interests in two entities which operate 119 screens in 19 theaters under the name *Mann Theatres*, which are located in California. We also own Films Paramount, which operates one movie theater in Paris, France.

Entertainment Competition

Theatrical Motion Pictures. We compete with other major studios such as Disney, Fox, Sony Pictures, Universal and Warner Bros. and independent film producers in the production and distribution of motion pictures, DVDs and videocassettes. Paramount Pictures' competitive position primarily depends on the quality of the product produced, their distribution and marketing success and public response. We also compete to obtain creative talent and story properties which are essential to our success.

Music Publishing. Famous Music competes principally with the music publishing companies owned by other major entertainment companies, such as EMI Music Publishing, The Universal Music Group, Sony Music Publishing, BMG Music Publishing and Warner Chappell Music. Famous Music's competitive position primarily depends on its ability to license the works it owns or controls, its ability to continue to acquire important musical works desired by licensees and its ability to maximize its collection of royalty income generated by its works worldwide. Its subsidiaries, Extreme Music and Director's Cuts, compete with other major production music libraries such as Killer Tracks, KPM Music and Associated Production Music. Their competitive position primarily depends on their ability to acquire, promote and license music and master recordings desired by licensees.

REGULATION

Our businesses are either subject to or affected by regulations of U.S. 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 our businesses.

Intellectual Property

Laws affecting intellectual property are of significant importance to us. See the section entitled "—Intellectual Property" beginning on page I-18.

Copyright Law and Content. In the United States, under current law, the copyright term for authored works is the life of the author plus 70 years. For works-made-for-hire, the copyright term is the shorter of 95 years from first publication or 120 years from creation.

Peer-to-Peer Piracy. Unauthorized distribution of copyrighted material over the Internet such as through so-called peer-to-peer services is a threat to copyright owners' ability to protect and exploit

their property. We are engaged in enforcement and other activities to protect our intellectual property and are an active participant in various industry-wide litigations, education and public relations programs and legislative activity on a worldwide basis. On June 27, 2005, the U.S. Supreme Court reached a unanimous decision in *MGM v. Grokster*, holding that Grokster could be held liable for copyright infringement by providing peer-to-peer services that facilitated worldwide dissemination of millions of infringing copies of motion pictures and music on the Internet. The U.S. Supreme Court overruled the U.S. Court of Appeals for the Ninth Circuit's grant of defendants' motion for summary judgment, and suggested that the lower court should consider granting summary judgment for plaintiffs. The U.S. Supreme Court ruled that one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties. This ruling will be a significant tool in our enforcement efforts. The Grokster suit itself has been settled and the Grokster service has been shut down.

Cable Networks

Online Music Royalties. MTV Networks, on behalf of its websites, and BET Interactive, on behalf of BET.com, currently obtain website content from record labels, music publishers and artists. MTV Networks and BET Interactive also obtain certain rights to some of their website content, such as performance rights of song composers and non-interactive rights to digital transmission of recordings, pursuant to statutory compulsory licenses established by the Digital Millennium Copyright Act, as amended. The royalties payable for such licenses are established periodically by Copyright Arbitration Royalty Panels.

A la Carte Programming. Some policymakers maintain that cable operators should be required to offer programming to subscribers on a network-by-network, or a la carte, basis or provide "family-friendly" program tiers. For example, on February 9, 2006, the FCC's Media Bureau issued a report finding that "a la carte" programming would benefit consumers. Certain distributors have recently launched "family-friendly" tiers to their customers that may or may not include some or all of our networks. The unbundling or tiering of program services could reduce distribution of certain channels, thereby leading to reduced viewership and increased marketing expenses, and could affect a cable network's ability to compete for or attract the same level of advertising dollars.

Children's Programming. Federal legislation and FCC rules limit the amount and content of commercial matter that may be shown on cable channels during programming designed for children 12 years of age and younger. In November 2004, the FCC issued new rules that classify promotions on a channel for programs aired on that channel as commercial matter unless the programs being promoted are educational and informational as defined under FCC rules, and that limit the display during children's programming of the Internet addresses of websites that contain or link to commercial material or that use characters from the program on which the website address is displayed to sell products or services. If not modified by the agency on reconsideration, the rules could have an adverse impact on our children's programming channels, including Nickelodeon, because they would force a reduction of promotional or advertising time during this programming and would limit our ability to promote our program-related websites that contain commercial material. The FCC has stayed implementation of these rules while it considers a joint proposal for revisions to the November 2004 rules by children's advocacy groups and industry parties, including us. Under the proposal, we would not be required to count program promotions during our children's programming toward the hourly commercial limits unless they promote programming appearing on the same channel that is not age-appropriate for children, or programming appearing on another channel that is not children's educational and informational programming. In addition, under the proposal we would retain greater latitude to display website addresses during children's programming. Pending the agency's reconsideration process, the industry parties, including us, have agreed to abide by the rules recommended in the joint proposal. The industry parties, again including us, have also agreed to

voluntarily dismiss litigation challenging the new rules, which is now being held in abeyance by the court pending the agency's reconsideration process, if the agency adopts the joint proposal.

In October 2004, Former Viacom entered into a consent decree with the FCC, which also binds us and our affiliates, to dismiss with prejudice alleged violations of the commercial limits during children's programming on Nickelodeon. Under the consent decree, Nickelodeon made a voluntary contribution to the U.S. Treasury in the amount of \$1 million and reduced commercial matter aired on Nickelodeon by an amount equal to the excess commercial matter Nickelodeon allegedly aired during the period of inquiry. The consent decree also obligates Nickelodeon to provide training with respect to the children's television rules and to implement other measures to reduce the risk of exceeding the commercial limits. The consent decree will expire in October 2006.

Indecency. Some policymakers support the extension of indecency rules applicable to over-the-air broadcasters to cover cable and satellite programming. If such an extension took place and was not found to be unconstitutional, our content could be subject to additional regulation and may not be able to attract the audiences which make our programming attractive to advertisers.

Program Access. Under the Communications Act, vertically integrated cable programmers are generally prohibited from offering different prices, terms or conditions to competing multichannel video programming distributors unless the differential is justified by certain permissible factors set forth in the FCC's regulations. The FCC's "program access" rules also limit the ability of a vertically integrated cable programmer to enter into exclusive distribution arrangements with cable operators. A cable programmer is considered to be vertically integrated if it owns or is owned by a cable operator in whole or in part under the FCC's program access attribution rules. Cable operators for this purpose may include telephone companies that provide video programming directly to subscribers. Our wholly owned program services are not currently subject to the program access rules. Our flexibility to negotiate the most favorable terms available for our content and our ability to offer cable operators exclusive programming could be adversely affected if we were to become subject to the program access rules.

Under the terms of our Separation Agreement with CBS Corporation, we and CBS Corporation generally agreed that prior to the earliest of (1) the fourth anniversary of the separation, (2) the date on which none of Mr. Redstone, NAI, NAIRI, Inc. or any of their successors, assigns or transferees are deemed to have interests in both CBS Corporation and Viacom that are attributable under applicable U.S. federal laws and (3) the date on which the other company ceases to own the video programming vendors that it owns as of the separation, neither of them will own or acquire an interest in a cable television operator if such ownership would subject the other company to U.S. federal laws regulating contractual relationships between video programming vendors and video programming distributors that the other company is not then subject to.

INTELLECTUAL PROPERTY

We create, own and distribute intellectual property worldwide. It is our practice to protect our theatrical and television product, characters, publications and other original and acquired works, ancillary goods and services. The following logos, trade names, trademarks and related trademark families are among those strongly identified with the product lines they represent and are significant assets of ours: Viacom®, BET, Comedy Central, CMT, MTV, mtvU, Nickelodeon, Nick Jr., Nick at Nite, Noggin, The N, Spike TV, TV Land, VH1, Paramount, Paramount Pictures, Famous Music, Logo, TMF, VIVA, GameTrailers.com, IFILM, Neopets and other Internet websites. As a result, domestic and foreign laws and enforcement efforts protecting intellectual property rights are important to us, and we actively enforce our intellectual property rights against infringements.

EMPLOYEES AND LABOR MATTERS

At December 31, 2005, we employed approximately 9,500 full-time and part-time salaried employees. In connection with the DreamWorks acquisition, as of January 31, 2005, we added approximately 350 full-time 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 16 to the consolidated financial statements.

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy and information statements, and other information with the SEC. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed or furnished to the SEC pursuant to the Securities Exchange Act will be available free of charge on our website at www.viacom.com (Investor Relations section) as soon as reasonably practicable after such reports are filed with the SEC. These documents are also available on the SEC's website at www.sec.gov.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This document and the documents incorporated by reference into this Annual Report on Form 10-K, including "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 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not based on historical facts, but rather reflect our 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 our objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause our actual results, performance or achievements 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 in "Risk Factors" below. There may be additional risks, uncertainties and factors that we do not currently view as material or that are not necessarily known. The forward-looking statements included in this document are only made as of the date of this document and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Item 1A. Risk Factors.

A wide range of risks may affect our business and financial results, now and in the future. We consider the risks described below to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results.

Our Success is Dependent upon Audience Acceptance of Our Programs and Films which is Difficult to Predict

Entertainment content and feature film production and distribution are inherently risky businesses because the revenues derived from the production and distribution of a cable program or feature film, and the licensing of rights to the intellectual property associated with a program or film, depend

primarily upon its acceptance by the public, which is difficult to predict. The commercial success of a cable program or feature film also depends upon the quality and acceptance of other competing programs and films released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, many of which are also difficult to predict. Audience sizes for our cable networks are also factors that are weighed when deciding on the advertising rates and the renegotiation of affiliate rates that we receive. Poor ratings in targeted demographics can lead to a reduction in pricing and advertising spending. Further, the theatrical success of a feature film may impact revenues from other distribution channels, such as home entertainment and premium pay television, and sales of licensed consumer products. Consequently, low public acceptance of our cable programs and feature films will have an adverse effect on our results of operations.

A Decline in Advertising Expenditures Could Cause Our Revenues and Operating Results to Decline Significantly in Any Given Period or in Specific Markets

We derive substantial revenues from the sale of advertising on our cable networks. A decline in advertising expenditures could significantly adversely affect our revenues and operating results in any given period or in specific markets. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities. Disasters, acts of terrorism, political uncertainty or hostilities could lead to a reduction in advertising expenditures as a result of economic uncertainty. In addition, advertising expenditures may also be affected by increasing competition for the leisure time of audiences. Advertising expenditures by companies in certain sectors of the economy, including the children's toys and entertainment sectors, represent a sizeable portion of our advertising revenues. Any political, economic, social or technological change may result in a reduction of these sectors' advertising expenditures. For example, at least one company has announced its intention to shift its advertising focus away from children under 12 years of age in response to concerns about child obesity and unhealthy eating. Any reduction in advertising expenditures could have an adverse effect on our revenues and results of operations.

Our Businesses Operate in Highly Competitive Industries

Participants in the cable and motion picture industries depend primarily upon the sale of advertising, revenues generated by the distribution of feature films and affiliate fees to generate revenue. Competition for viewers, advertising and distribution is intense and comes from broadcast networks and specialty cable channels; movie studios and independent film producers and distributors; local, regional and national newspapers; online activities; video gaming; direct mail; and other communications and advertising media that operate in these markets. In particular, online search engines have seen significant advertising growth, a portion of which is derived from traditional cable network advertisers. In addition, there has been consolidation in the media industry and our competitors include market participants with interests in multiple media businesses which are often vertically integrated. Our ability to compete successfully depends on a number of factors, including our ability to provide high quality and popular cable programs and motion pictures and our ability to achieve high distribution levels. In addition, cable providers and DTH satellite operators have developed new techniques that allow them to transmit more channels on their existing equipment to highly targeted audiences, reducing the cost of creating channels and potentially leading to the division of the television marketplace into more specialized niche audiences. More television options increase competition for viewers, and competitors targeting programming to narrowly defined audiences may gain an advantage over us for television advertising and subscription revenues. There can be no assurance that we will be able to compete successfully in the future against existing or potential competitors, or that competition will not have a material adverse effect on our business, financial condition or results of operations.

The Loss of Affiliation Agreements Could Cause Our Revenues to Decline in Any Given Period or in Specific Markets

We are dependent upon the maintenance of affiliation agreements with cable and DTH satellite operators for the distribution of our cable networks. Certain BET, BET J and MTV affiliation agreements have recently expired and are currently being negotiated. There can be no assurance that these affiliation agreements will be renewed in the future on terms acceptable to us. The loss of a significant number of these arrangements or the loss of carriage on the most widely penetrated programming tiers could reduce the distribution of our cable networks, which may adversely affect our advertising and affiliate fee revenues. In addition, further consolidation among cable and DTH satellite operators and increased vertical integration of such distributors into the cable or broadcast network business could adversely affect our ability to negotiate the launch of new networks or the ability to maintain existing distribution or obtain additional distribution for existing networks. In a more concentrated market, there can be no assurance that we will be able to obtain or maintain carriage of our programming services by distributors on commercially reasonable terms, or at all.

Box Office Receipts and DVD Sales Have Recently Been Declining, Which May Adversely Affect Our Prospects and Results of Operations

Several factors, including piracy, growing competition for consumer discretionary spending and low audience acceptance, may be contributing to a recent industry-wide decline in box office receipts and in declining or, in some cases, flattening DVD sales. According to Adams Media Research, domestic sales of DVDs increased by 5.4% in 2004 but decreased by 2.6% in 2005. Internationally, DVD sales increased by 16% in 2004 but showed no change in 2005, according to Screen Digest. Our ability to sell our DVDs could also be affected by the influence of several large retailers, whose decisions as to placement and removal of our DVDs could have a significant impact on our revenues from sales of DVDs. A continuing decline in attendance by moviegoers and in DVD sales could have a substantial adverse impact on our results of operations and growth prospects.

Our Revenues and Operating Results Are Subject to Cyclical and Seasonal Variations

Our revenues and operating results fluctuate due to the timing and availability of theatrical and home entertainment releases and of programming for syndication and cable exhibition and the timing of the beginning of the license periods for television exhibition of motion pictures. Our operating results also fluctuate due to the timing of the recognition of production costs and the possible later recognition of related revenues. In addition, the success of our individual titles may vary, causing our operating results to fluctuate.

Our business has experienced and is expected to continue to experience some seasonality due to, among other things, seasonal advertising patterns and seasonal influences on people's viewing and listening habits and attendance. Typically, our revenue from advertising increases in the fourth quarter and revenue from feature films increases in the summer. The effect of such seasonality makes it difficult to estimate future operating results based on the results of any specific quarter.

We Must Respond to and Capitalize on Rapid Changes in Technology, Services and Standards in Order to Remain Competitive and Exploit New Opportunities

Technology in the video, telecommunications and data services used in the entertainment industry is changing rapidly. Advances in technologies or alternative methods of product delivery and storage or certain changes in consumer behavior driven by these or other technologies and methods of delivery and storage could have a negative effect on our business. Examples of such advances in technologies include video-on-demand, new video formats and downloading from the Internet. For example, devices that allow users to view cable programs or motion pictures from a remote location or on a time-delayed basis and technologies which enable users to fast-forward or skip advertisements may

cause changes in consumer behavior that could affect the attractiveness of our offerings to advertisers and could therefore adversely affect our revenues. We may not have the right, and may not be able to secure the right, to distribute some of our licensed content across these, or any other, new platforms.

In addition, the ability to capitalize on a variety of distribution platforms for our programming and films, including new technologies, is one of our key business strategies. The ability to anticipate and exploit these new and future sources of revenue from technological developments will affect our ability to continue to grow and increase our revenue and expand our business.

Increased Programming and Content Costs May Adversely Affect Our Profits

We produce programming and incur costs for all types of creative talent including actors, writers and producers, and for new show concepts. We also acquire programming, such as movies and television series, from television production companies and movie studios. An increase in the costs of programming may lead to decreased profitability.

An increase in licensing costs could also affect our profits. For example, we license music videos for exhibition on our cable channels and other programming or content services from record companies in exchange for cash and advertising time or for promotional consideration only. We have entered into global music video licensing agreements with certain major record companies and into global or regional license agreements with certain independent record companies. We also license various other music rights from record companies, music publishers, performing rights societies and others. There can be no assurance that we will be able to obtain license renewals or additional license agreements and, if so, on favorable terms. There can also be no assurance that we will be able to secure the rights to distribute the content of our licenses over new platforms on acceptable terms. If we fail to obtain such extensions, renewals or agreements on acceptable terms and consequently cannot obtain licensing rights for content needed in our operations, our revenue or costs may be adversely affected.

Our Cable Networks Are Included with CBS Corporation's Programming under Certain of Our Affiliation Agreements, and New Affiliation Agreements May Be More Difficult to Negotiate

Former Viacom was party to affiliation agreements with cable and DTH satellite operators pursuant to which both our cable networks and CBS Corporation's television programming were carried by these distributors. After these agreements expire, our cable networks will no longer be included with CBS Corporation's programming. Certain BET, BET J and MTV affiliation agreements have recently expired. There can be no assurance that we will be able to negotiate new affiliation agreements with these distributors on terms as favorable as was previously possible.

Changes in U.S. or Foreign Communications Laws or Other Regulations May Have an Adverse Effect on Our Business

The multichannel video programming and distribution industries in the United States are highly regulated by U.S. federal laws and regulations issued and administered by various federal agencies, including the FCC. For example, federal legislation and FCC rules limit the amount and content of commercial material that may be shown on video programming channels during programming designed for children 12 years of age and younger. In November 2004, the FCC issued new rules that classify promotions on a channel for programs aired on that channel as commercial matter unless the programs being promoted are educational or informational as defined under FCC rules, and that limit the display during children's programming of the Internet addresses of websites that contain or link to commercial material or that use characters from the program on which the website address is displayed to sell products or services. If retained without modification, these rules could have an adverse impact on our children's programming channels, including Nickelodeon and Nick Jr., because they would force a reduction of promotional or advertising time during this programming and would limit our ability to promote our program-related websites that contain commercial material. Children's advocacy groups

and industry parties, including our company, have agreed to a proposal to modify these rules. The FCC has postponed implementation of the rule changes while it considers the proposal. The proposed rule modifications would mitigate the adverse impacts of the FCC's rules on our company. However, there can be no assurance that the FCC will ultimately adopt these proposals.

In addition, the U.S. Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operations and ownership of our U.S. media properties. For example, some policymakers support the extension of indecency rules applicable to over-the-air broadcasters to cover cable and satellite operators. If such an extension took place and was not found to be unconstitutional, our content could be subject to additional regulation. Similarly, changes in regulations imposed by governments in other jurisdictions in which we, or entities in which we have an interest, operate could adversely affect our business, results of operations and ability to expand these operations beyond their current scope.

Requirements that Cable Operators Create Family Friendly Tiers or Offer Programming on an A La Carte Basis May Decrease the Distribution of Our Networks to Cable Television Subscribers and Materially Affect Our Results of Operations

Certain policymakers maintain that cable operators should be required to offer programming to subscribers on a network-by-network, or à la carte, basis or to provide "family friendly" program tiers. Certain distributors have recently launched "family-friendly" tiers to their customers that may or may not include some or all of our networks. In addition, the FCC recently issued a report finding consumers would benefit if cable operators were required to offer programming on an à la carte basis. The unbundling or tiering of program services could materially reduce distribution of certain of our channels, thereby leading to reduced viewership and increased marketing expenses, and could affect our ability to compete for or attract the same level of advertising dollars. Any decline in subscribers could lead to a loss in our advertising sales and affiliate fees and a reduction in payments by cable and DTH satellite operators.

Piracy of Our Motion Pictures, Intellectual Property and Other Content, Including Digital and Internet Piracy, May Decrease Revenue Received from the Exploitation of Our Cable Television Programs and Films and Adversely Affect Our Business and Profitability

The success of our business depends in part on our ability to maintain the intellectual property rights to our products and services. Piracy of motion pictures, television programming, video content and DVDs as well as other intellectual property is prevalent in many parts of the world and is made easier by technological advances allowing conversion of motion pictures, television programming and other content into digital formats, which facilitates the creation, transmission and sharing of high quality unauthorized copies of motion pictures and other content. The proliferation of unauthorized copies and piracy of these products may have an adverse effect on our business and profitability because these products reduce the revenue that we potentially could receive from the legitimate sale and distribution of our content. In addition, if piracy were to increase, it would have an adverse effect on business and profitability.

The Loss of Key Personnel, Including Talent, Could Disrupt the Management and Operations of Our Business and Adversely Affect Our Revenues

Our business depends upon the continued efforts, abilities and expertise of our President and Chief Executive Officer and other key employees and entertainment personalities. We believe that the unique combination of skills and experience possessed by our key executives would be difficult to replace, and that the loss of our key executives could have a material adverse effect on us, including the impairment of our ability to execute our business strategy. Additionally, we employ or contract with several entertainment personalities with loyal audiences. These personalities are sometimes important

to achieving current levels of viewership. There can be no assurance that these individuals will remain with us or will retain their current audiences. If we fail to retain these individuals or our entertainment personalities lose their current audiences, our revenues could be adversely affected.

We Could Be Adversely Affected by Strikes and Other Union Activity

We and our suppliers engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements. If we or our suppliers are unable to renew expiring collective bargaining agreements, it is possible that the affected unions could take action in the form of strikes or work stoppages. Such actions, higher costs in connection with these agreements or a significant labor dispute could adversely affect our business by causing delays in the production, the release date or by reducing the profit margins of our cable programs or feature films.

Political and Economic Risks Associated with Our Businesses Could Harm Our Financial Condition

Our businesses operate and have customers worldwide. Inherent risks of doing business in international markets include, among other risks, changes in the economic environment, export restrictions, exchange controls, tariffs and other trade barriers and longer payment cycles. We may incur substantial expense as a result of the imposition of new restrictions or changes in the existing economic environment in the regions where we do business. Acts of terrorism or other hostilities, or other future financial, political, economic or other uncertainties, could lead to a reduction in advertising and other revenue, which could materially adversely affect our business, financial condition or results of operations.

The Failure or Destruction of Satellites and Facilities that We Depend Upon to Distribute Our Programming Could Materially Adversely Affect Our Business and Results of Operations

We use satellite systems to transmit our cable networks to cable systems and other distributors worldwide. The distribution facilities include uplinks, communications satellites and downlinks. Transmissions may be disrupted as a result of local disasters that impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption occurs, we may not be able to secure alternate distribution facilities in a timely manner. Failure to secure alternate distribution facilities in a timely manner could have a material adverse effect on our business and results of operations.

We Could Suffer Losses Due to Asset Impairment Charges for Goodwill and Intangible Assets

In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which we refer to in this annual report as "SFAS 142," we will test goodwill and intangible assets for impairment during the fourth quarter of each year, and on an interim date should factors or indicators become apparent that would require an interim test. A downward revision in the fair value of a reporting unit or intangible assets could result in an impairment under SFAS 142 and a non-cash charge would be required. Any significant shortfall, now or in the future, in the expected popularity of the feature films or other content we produce, could lead to a downward revision in the fair value of such assets. Any such charge could have a material effect on our reported net earnings.

Fluctuations in Foreign Exchange Rates Could Have an Adverse Effect on Our Results of Operations

Certain of our revenues are earned and expenses are incurred in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. As a result, we are exposed to exchange rate fluctuations, which could have an adverse effect on our results of operations.

Our Liabilities Related to Lease Guarantees and Litigation Could Adversely Impact Our Financial Condition

We have both recognized and potential liabilities and costs related to discontinued operations and former businesses, including, among other things, potential liabilities to landlords if Blockbuster should default on certain store leases entered into prior to Blockbuster's initial public offering in 1999, and pending and threatened litigation. We cannot assure you that our reserves are sufficient to cover these liabilities in their entirety or any one of these liabilities when it becomes due or at what point any of these liabilities may come due. Therefore, there can be no assurance that these liabilities will not have a material adverse effect on our financial condition.

If the Integration of DreamWorks into Our Business Does Not Yield Expected Benefits, or If Our Transition to a New Distribution Infrastructure in International Theatrical and Worldwide Television Markets Does Not Fully Succeed, Our Results of Operations Could Be Adversely Impacted

We acquired DreamWorks LLC on January 31, 2006. If the integration of DreamWorks, including its motion pictures, employees and information systems, into our business is not fully successful or does not yield expected benefits to Paramount's business, our expected results of operations could be adversely impacted. We also are developing our television market sales capabilities, restructuring our international distribution operations and retaining a greater proportion of international rights to our film product. Any failure to fully succeed in developing our television market sales capabilities, restructuring our international distribution operations or capitalizing on the international rights we retain could adversely affect our results of operations. In addition, while we are well along in our discussions regarding the sale of most of the DreamWorks live-action film library, there can be no assurance that a sale will be consummated in a timely manner or at all.

NAI, Through Its Voting Control of Viacom, is in a Position to Control Actions that Require Stockholder Approval and May Have Interests that are Different than Yours

NAI, through its beneficial ownership of our Class A common stock, has voting control of Viacom. Mr. Sumner M. Redstone, the controlling stockholder, Chairman of the Board of Directors and Chief Executive Officer of NAI, serves as Executive Chairman of our Board of Directors and Founder, and Ms. Shari Redstone, the President and a director of NAI, serves as non-executive Vice Chair of our Board of Directors. In addition, Messrs. Abrams and Dauman are directors of both NAI and Viacom. NAI is in a position to control the outcome of corporate actions that require stockholder approval, including the election of directors and transactions involving a change of control. The interests of NAI may not be the same as yours and you will be unable to affect the outcome of our corporate actions for so long as NAI retains voting control.

Risks Related to our Separation from CBS Corporation

Our Historical and Pro Forma Financial Information May Not Be Indicative of Our Results as a Separate Company

The historical and pro forma financial information presented in this Form 10-K relating to periods prior to our separation from CBS Corporation may not necessarily reflect what our results of operations, financial condition and cash flows would have been had we been operating as a stand-alone entity during the periods presented or what our results of operations, financial condition and cash flows will be in the future. As a result, historical and pro forma financial information should not be relied upon as being indicative of our future results of operations, financial condition and cash flows.

Our Business and Other Businesses Which Are Controlled By Sumner Redstone, Including CBS Corporation, Are and Will Continue to Be Attributable to Each Other for Certain Regulatory Purposes

So long as we and CBS Corporation are under common control, each company's businesses, as well as the businesses of any other commonly controlled company, such as NAI, NAIRI and Midway

Games, Inc., which is also controlled by Mr. Redstone, may be attributable to the other companies for purposes of U.S. and non-U.S. antitrust rules and regulations, certain rules and regulations of the FCC, and certain rules regarding political campaign contributions in the United States, among others. The businesses of each company may continue to be attributable to the other companies for FCC purposes even after the companies cease to be commonly controlled, if the companies share common officers, directors, or attributable stockholders. As a result, the businesses and conduct of any of these other companies may have the effect of limiting the activities or strategic business alternatives available to our company.

The Separation Agreement Between CBS Corporation and Us Prohibits Us from Engaging in Certain Types of Businesses

Under the terms of the Separation Agreement, we generally agreed that we will not own or acquire certain interests in specified types of media companies if such ownership would cause CBS Corporation to be in violation of U.S. federal laws limiting the ownership of broadcast licenses or if it would limit CBS Corporation's ability under these laws to acquire television or radio stations or television networks. Additionally, we may not make acquisitions, enter into agreements or accept or agree to any condition that purports to bind CBS Corporation or subjects CBS Corporation to restrictions it is not otherwise subject to by legal order without CBS Corporation's consent. We and CBS Corporation have agreed that prior to the earliest of (1) the fourth anniversary of the separation, (2) the date on which none of Mr. Redstone, NAI, NAIRI or any of their successors, assigns or transferees are deemed to have interests in both CBS Corporation and Viacom that are attributable under applicable U.S. federal laws and (3) the date on which the other company ceases to own the video programming vendors that it owns as of the separation, neither of them will own or acquire an interest in a cable television operator if such ownership would subject the other company to U.S. federal laws regulating contractual relationships between video programming vendors and video programming distributors that the other company is not then subject to. These restrictions could limit the strategic business alternatives available to us.

The Tax Matters Agreement and the Tax Rules Applicable to the Separation May Restrict Our Ability to Engage in Certain Corporate Transactions

In connection with the separation, we entered into a Tax Matters Agreement, effective upon the consummation of the separation. The Tax Matters Agreement provides, among other things, that, depending on the event, we may have to indemnify CBS Corporation for some or all of the taxes resulting from the merger and the distribution of our common stock in the merger if the merger and distribution do not qualify as a tax-free distribution under Sections 355 and 368 of the Code. In addition, the current U.S. federal income tax law creates a presumption that the distribution of our common stock in the merger would be taxable to CBS Corporation, but not to its stockholders, if we engage in, or enter into an agreement to engage in, a transaction that would result in a 50% or greater change, by vote or value, in our stock ownership during the four-year period that begins two years before the date of the separation, unless it is established that the transaction was not undertaken pursuant to a plan or series of transactions related to the separation. The Treasury Regulations currently in effect generally provide that whether such distribution is part of a plan is determined based on all of the facts and circumstances, including, but not limited to, specific factors described in the Treasury Regulations. In addition, the Treasury Regulations provide several "safe harbors" for acquisition transactions that are not considered to be part of a plan. The indemnification obligations set forth in the Tax Matters Agreement and the above-described provisions of the tax law may prevent us from entering into transactions which might be advantageous to our stockholders, such as issuing equity securities to satisfy financing needs or acquiring businesses or assets with equity securities, and may make us less attractive to a potential acquiror and reduce the possibility that an acquiror will propose or seek to effect certain transactions with us.

We Rely on CBS Corporation's Performance under Various Agreements among the Companies

In connection with the separation, we entered into various agreements, including the Separation Agreement, the Tax Matters Agreement and a Transition Services Agreement pursuant to which we will provide certain specified services to CBS Corporation following the separation, and certain related party arrangements pursuant to which we will provide services and products to CBS Corporation from and after the separation. The Separation Agreement sets forth the distribution of assets, liabilities, rights and obligations of Viacom and CBS Corporation following the separation, and includes indemnification obligations for such liabilities and obligations. In addition, pursuant to the Tax Matters Agreement, certain income tax liabilities and related responsibilities are allocated between, and indemnification obligations have been assumed by, each of us and CBS Corporation. Each company will rely on the other company to satisfy its performance and payment obligations under these agreements. Certain of the liabilities to be assumed or indemnified by us or CBS Corporation under these agreements are legal or contractual liabilities of the other company. If CBS Corporation were to breach or be unable to satisfy its material obligations under these agreements, including a failure to satisfy its indemnification obligations, we could suffer operational difficulties or significant losses.

Certain Members of Management, Directors and Stockholders May Face Actual or Potential Conflicts of Interest

The management and directors of Viacom and CBS Corporation own both our common stock and CBS Corporation common stock, and both Viacom and CBS Corporation are controlled by NAI. Mr. Redstone, the controlling stockholder, Chairman of the Board of Directors and Chief Executive Officer of NAI, serves as our Executive Chairman of our Board of Directors and Founder and Executive Chairman of the Board of Directors and Founder of CBS Corporation. Ms. Redstone, the President and a director of NAI, serves as non-executive Vice Chair of the Board of Directors of both Viacom and CBS Corporation. Messrs. Abrams and Dauman are directors of NAI, and Mr. Dauman serves as a director of both Viacom and CBS Corporation and Mr. Abrams serves as a director of Viacom. This ownership overlap and these common directors could create, or appear to create, potential conflicts of interest when Viacom's and CBS Corporation's management, directors and controlling stockholder face decisions that could have different implications for Viacom and CBS Corporation. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between Viacom and CBS Corporation regarding the terms of the agreements governing the separation and the relationship between Viacom and CBS Corporation thereafter. Potential conflicts of interest could also arise if we and CBS Corporation enter into any commercial arrangements with each other in the future. Each of Mr. Redstone, Ms. Redstone and Mr. Dauman may also face conflicts of interest with regard to the allocation of his or her time between us and CBS Corporation.

Our certificate of incorporation and the CBS Corporation certificate of incorporation each contains provisions related to corporate opportunities that may be of interest to us and to CBS Corporation. Our certificate of incorporation provides that in the event that a director, officer or controlling stockholder of ours who is also a director, officer or controlling stockholder of CBS Corporation acquires knowledge of a potential corporate opportunity for both Viacom and CBS Corporation, such director, officer or controlling stockholder may present such opportunity to us or CBS Corporation or both, as such director, officer or controlling stockholder deems appropriate in his or her sole discretion, and that by doing so such person will have satisfied his or her fiduciary duties to us and our stockholders. In addition, our certificate of incorporation provides that we renounce any interest in any such opportunity presented to CBS Corporation. These provisions create the possibility that a corporate opportunity of one company may be used for the benefit of the other company.

We Have a New Operating Structure and New Members of Management at Viacom Corporate and Paramount Pictures

The separation of Former Viacom into CBS Corporation and Viacom involved the division of Former Viacom's businesses. In connection with the separation, many jointly-held assets and operating systems as well as personnel were allocated between the companies, in particular at Paramount Pictures and in Former Viacom's corporate offices, and new related party agreements were entered into to govern the ongoing business relationships between the companies following the separation. Viacom corporate and Paramount Pictures have senior management teams that include several executives who were hired relatively recently or who recently assumed all or a substantial part of their current responsibilities. There can therefore be no assurance that we will be successful under these conditions.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Our world headquarters is located at 1515 Broadway, New York, New York, where we rent approximately 1.4 million square feet for executive offices and certain of our operating divisions. The lease for the majority of the space runs to 2010, with four renewal options for five years each thereafter. We also lease the following major facilities for certain of our operating divisions: (a) approximately 548,000 square feet of office space at 1633 Broadway, New York, New York, through 2010, and (b) approximately 225,000 square feet of office space at three facilities on 26th Street in Santa Monica, California, under leases which expire between 2011 and 2016.

Paramount Pictures owns the Paramount Pictures studio at 5555 Melrose Avenue, Los Angeles, California, located on approximately 62 acres. BET's headquarters at BET Plaza in Washington, DC contains approximately 228,000 square feet of office and studio space, the majority of which is leased through 2013 and the balance of which is owned.

We also own and lease office, studio and warehouse space, broadcast, antenna and satellite transmission facilities throughout the United States and several other countries around the world for our businesses. We consider our properties adequate for our present needs.

Item 3. Legal Proceedings.

In July 2002, judgment was entered in favor of Former Viacom, Blockbuster, Paramount Home Entertainment and other major motion picture studios and their home video subsidiaries with respect to a complaint filed in the United States District Court for the Western District of Texas. The complaint included federal antitrust and California state law claims. In August 2003, the U.S. Court of Appeals for the Fifth Circuit affirmed the federal court judgment. The U.S. Supreme Court refused plaintiffs' petition for writ of certiorari in March 2004. In February 2003, a similar complaint that had been filed in a Los Angeles County Superior Court was also dismissed with prejudice. The plaintiffs appealed the California state court dismissal, as well as a prior denial of class certification. On November 22, 2005, the California Court of Appeal affirmed the trial court's dismissal of the antitrust and conspiracy claims. The court reversed the dismissal of California Unfair Practices Act and Unfair Competition Act claims and remanded those claims to the trial court, except with regard to transactions between Paramount and Blockbuster as to which the trial court dismissal was affirmed. Blockbuster remains a defendant in the case with respect to its transactions with studios other than Paramount. As the result of the split-off of Blockbuster from Former Viacom in 2004, any judgment in this matter adverse to Former Viacom, Blockbuster and/or Paramount Home Entertainment may be allocated 33.33% to Blockbuster and 66.67% to Former Viacom. Pursuant to the Separation Agreement, we have assumed and will indemnify CBS Corporation for Former Viacom's responsibility for losses in this matter.

On July 13, 2005, two identical shareholder derivative lawsuits were filed against Former Viacom. The suits, consolidated as *In re Viacom Shareholders Derivative Litigation*, relate to the compensation of Sumner Redstone, Tom Freston and Leslie Moonves, each of whom were executive officers of Former Viacom. Mr. Redstone is currently our Executive Chairman of the Board and Founder and Mr. Freston is our President and Chief Executive Officer. Mr. Moonves is the President and Chief Executive Officer of CBS Corporation. The plaintiffs claim that the 2004 compensation of these officers was excessive and unwarranted and not entirely fair to Former Viacom and its shareholders. Plaintiffs seek disgorgement of compensation paid to the named officers in 2004, unspecified damages from members of Former Viacom's Board of Directors for alleged breach of fiduciary duty, and other relief. Prior to the separation, Former Viacom moved to dismiss the case on both procedural and substantive grounds. No decision has been rendered on the motion. Former Viacom also was served with several shareholder demands for business records under Delaware law in connection with the shareholders' purported investigations of similar claims. Under the Separation Agreement, liabilities in connection with executive compensation claims relating to officers of Former Viacom are shared equally by Viacom and CBS Corporation.

In late 2005 and early 2006, Former Viacom was named as a defendant in three lawsuits in the United States District Court for the Northern District of Texas and one lawsuit in the United States District Court for the Southern District of New York, each relating to the 2004 split-off of Blockbuster from Former Viacom. Each of the lawsuits names as defendants NAI, Former Viacom and Blockbuster, and certain of their respective present and former officers and directors, including some individuals who are officers and directors of New Viacom. The Texas lawsuits are purported class actions which allege violations of the federal securities laws. The New York case is a purported class action which alleges that the defendants breached fiduciary obligations to the Blockbuster Investment Plan in violation of the Employee Retirement Income Security Act by continuing to offer to plan participants Blockbuster stock from and after November 2003 and by offering to plan participants the opportunity to exchange their shares of Former Viacom common stock for the shares of Blockbuster common stock that were owned by Former Viacom in connection with the 2004 split-off transaction. Plaintiffs in each of the lawsuits allege that the defendants made untrue statements of material facts and concealed and failed to disclose material facts with respect to Blockbuster's business prospects. The lawsuits seek damages in unspecified amounts and other relief. In connection with the split-off, Blockbuster agreed to indemnify Former Viacom and its employees, officers and directors with respect to liabilities arising out of any material untrue statements and omissions in those portions of the 2004 Prospectus-Offer to Exchange relating to the split-off that were provided by Blockbuster. Pursuant to the Separation Agreement, we will indemnify CBS Corporation for any losses arising from these lawsuits.

We believe that the plaintiffs' positions in these litigations are without merit and intend to vigorously defend ourselves in the litigations. Litigation is inherently uncertain and always difficult to predict. However, based on our understanding and evaluation of the relevant facts and circumstances, we believe that the above-described legal matters and other litigation to which we are a party are not likely, in the aggregate, to have a material adverse effect on our results of operations, financial position or cash flows.

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

None.

OUR EXECUTIVE OFFICERS

The following table sets forth the name, age and position of each person who serves as an executive officer of our company.

Name	Age	Position
Sumner M. Redstone	82	Executive Chairman of the Board and Founder
Thomas E. Freston	60	President and Chief Executive Officer and Director
Robert M. Bakish	42	Executive Vice President, Operations and Viacom Enterprises
Michael J. Dolan	59	Executive Vice President and Chief Financial Officer
Carl D. Folta	48	Executive Vice President, Office of the Chairman
Michael D. Fricklas	45	Executive Vice President, General Counsel and Secretary
JoAnne Adams Griffith	61	Executive Vice President, Human Resources
DeDe Lea	41	Executive Vice President, Government Relations
Carole Robinson	44	Executive Vice President, Corporate Relations
Jacques Tortoroli	47	Senior Vice President, Controller and Chief Accounting Officer

Information about each person who serves as an executive officer of our company is set forth below.

Sumner M. Redstone	<p>Mr. Redstone is our Founder and has served as the Executive Chairman of our Board of Directors since January 1, 2006. He also serves as Executive Chairman of the Board of CBS Corporation. He was Chief Executive Officer of Former Viacom from 1996 to 2005 and Chairman of the Board of Former Viacom since 1986. He has also been Chairman of the Board of National Amusements, Inc., Former Viacom and CBS Corporation's controlling stockholder, since 1986, and Chief Executive Officer of National Amusements since 1967. He served as president of National Amusements from 1967 through 1999. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners and is currently a member of its Board of Directors. Mr. Redstone has been a frequent lecturer at universities, including Harvard Law School and Brandeis University. Mr. Redstone graduated from Harvard University in 1944 and received an LL.B. from Harvard University School of Law in 1947. Upon graduation, Mr. Redstone served as law secretary with the U.S. Court of Appeals and then as a special assistant to the U.S. Attorney General. Mr. Redstone served in the Military Intelligence Division during World War II. While a student at Harvard, he was selected to join a special intelligence group whose mission was to break Japan's high-level military and diplomatic codes. Mr. Redstone received, among other honors, two commendations from the Military Intelligence Division in recognition of his service, contribution and devotion to duty. Mr. Redstone is also a recipient of the Army Commendation Award.</p>
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Thomas E. Freston

Mr. Freston has served as our President and Chief Executive Officer since January 1, 2006, and serves on our Board of Directors. Previously, he was Co-President and Co-Chief Operating Officer of Former Viacom since June 2004. Prior to that, Mr. Freston served as Chairman and Chief Executive Officer of MTV Networks since 1987. Mr. Freston joined MTV Networks' predecessor company in 1980 and was one of the founding members of the team that launched MTV: Music Television. Mr. Freston is on the board of the American Museum of Natural History.

Robert M. Bakish

Mr. Bakish has served as our Executive Vice President of Operations and Viacom Enterprises since January 1, 2006. Prior to that, he served as Executive Vice President of Operations for Former Viacom since July 2005. Previously, Mr. Bakish was Executive Vice President and Chief Operating Officer of Advertising Sales of MTV Networks from 2001 to 2005; Executive Vice President of Business Development of MTV Networks from 1999 to 2001; and Senior Vice President, Planning, Development and Technology of Former Viacom from 1997 to 1999.

Michael J. Dolan

Mr. Dolan has served as Executive Vice President and Chief Financial Officer of Viacom since January 1, 2006. Prior to that, he was Executive Vice President and Chief Financial Officer of Former Viacom since May 2005. Before joining Viacom, Mr. Dolan served as a senior advisor to Kohlberg Kravis Roberts & Co., a private equity firm, since late 2004. Previously, Mr. Dolan served as Chairman and Chief Executive Officer of Young & Rubicam, Inc. from 2000 until his retirement in 2003, as its President and Chief Executive Officer during 2000, and as its Vice Chairman and Chief Financial Officer from 1996 to 2000. Mr. Dolan also serves as non-executive Chairman of America's Choice and serves on the Board of Directors of Mattel, Inc.

Carl D. Folta

Mr. Folta assumed the role of Executive Vice President, Office of the Chairman, on January 1, 2006. Previously, he was Executive Vice President, Corporate Relations of Former Viacom since November 2004. Prior to that, he served as Senior Vice President of Corporate Relations of Former Viacom from November 1994 to November 2004, and Vice President of Corporate Relations of Former Viacom from April 1994 to November 1994. Mr. Folta held various communications positions at Paramount Communications Inc. from 1984 until joining Former Viacom in April 1994.

Michael D. Fricklas

Mr. Fricklas has served as our Executive Vice President, General Counsel and Secretary since January 1, 2006. Prior to that, he was Executive Vice President, General Counsel and Secretary of Former Viacom since May 2000. From October 1998 to May 2000, he served as Senior Vice President, General Counsel and Secretary of Former Viacom. From July 1993, he served as Vice President and Deputy General Counsel of Former Viacom and assumed the title of Senior Vice President in July 1994.

JoAnne Adams Griffith

Ms. Griffith assumed the role of Executive Vice President of Human Resources on January 1, 2006. Previously, she was Executive Vice President of Human Resources for Former Viacom since September 2005. She has also served as Executive Vice President of Human Resources for MTV Networks since 1998 and Vice President of Human Resources of Former Viacom from 1996 to September 2005. Before that, Ms. Griffith served as Vice President of Human Resources for Paramount Pictures from 1986 to 1996.

DeDe Lea

Ms. Lea serves as our Executive Vice President, Government Relations. Ms. Lea served as Senior Vice President, Government Relations of Former Viacom from September 2005 through the separation date. Prior to that, she served as Vice President of Government Affairs at Belo Corp. from 2004 to 2005 and as Vice President of Government Affairs of Former Viacom from 1997 to 2004.

Carole Robinson

Ms. Robinson assumed the role of Executive Vice President, Corporate Relations on January 1, 2006. Previously, she served as Executive Vice President, Corporate Communications, for MTV Networks since 1999. Prior to that, Ms. Robinson served as Senior Vice President, Communications, of MTV Networks from 1994 to 1998. She joined MTV Networks in 1984 and has held a succession of positions within the corporate communications area since then.

Jacques Tortoroli

Mr. Tortoroli assumed the role of Senior Vice President, Controller and Chief Accounting Officer on January 1, 2006. He previously served as Executive Vice President and Chief Financial Officer of Infinity Broadcasting from 2002 to 2005. From 2002 to 2004, Mr. Tortoroli was also Chief Financial Officer of Westwood One, in which Infinity has an investment. Prior to that, Mr. Tortoroli was Chief Financial Officer of Scient, Inc. from 2001 to 2002, and held several financial roles at Young & Rubicam, Inc. from 1998 to 2001, including Chief Financial Officer, Senior Vice President of Finance and Controller, and Chief Financial Officer of Y&R Advertising. Previously, Mr. Tortoroli spent 12 years with PepsiCo, Inc., including financial roles in PepsiCo, Inc. and Pepsi-Cola.

Item 5. Market for Viacom Inc.'s Common Equity, Related Stockholder Matters and Purchases of Equity Securities.

Our voting Class A common stock and 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. Our common stock began trading on the NYSE on January 3, 2006 at an opening price of \$40.00 for our Class A common stock and \$41.12 for our Class B common stock. On March 15, 2006, the closing price of our Class A common stock was \$38.87 and the closing price of our Class B common stock was \$38.86.

We do not currently anticipate paying dividends on our Class A common stock or Class B common stock. The declaration and payment of dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, legal requirements and such other factors as our board of directors deems relevant.

As of February 28, 2006, there were 791 holders of our Class A common stock and 14,637 holders of our Class B common stock.

Information required by this item is also contained in our Proxy Statement for our 2006 Annual Meeting of Stockholders under the heading "Equity Compensation Plan Information", which information is incorporated herein by reference.

Item 6. Selected Financial Data.

VIACOM INC. AND SUBSIDIARIES

The following tables present selected consolidated financial data.

Consolidated income statement data for the three years ended December 31, 2005 and the consolidated balance sheet data at December 31, 2005 and 2004 should be read in conjunction with the audited financial statements and related "Management's Discussion and Analysis of Results of Operations and Financial Condition" and other financial information presented elsewhere herein.

The selected consolidated income statement data for the year ended December 31, 2002 and the consolidated balance sheet data at December 31, 2003 has been derived from audited financial statements not included herein. The consolidated income statement data for the year ended December 31, 2001, and the consolidated balance sheet data at December 31, 2002 and 2001 are derived from unaudited financial statements not included herein and have been prepared on a basis consistent with our audited financial statements.

CONSOLIDATED INCOME STATEMENT DATA
(In millions, except per share amounts)

	Year Ended December 31, (a)				
	2005	2004	2003	2002	2001
					Unaudited
Revenues	\$ 9,609.6	\$ 8,132.2	\$ 7,304.4	\$ 6,050.7	\$ 5,497.6
Operating income	\$ 2,366.4	\$ 2,282.8	\$ 2,001.8	\$ 1,737.6	\$ 1,092.1
Net earnings from continuing operations	\$ 1,303.9	\$ 1,392.9	\$ 1,147.4	\$ 993.9	\$ 438.5
Net earnings from continuing operations per common share:					
Basic	\$ 1.73	\$ 1.85	\$ 1.53	\$ 1.32	\$.58
Diluted	\$ 1.73	\$ 1.85	\$ 1.53	\$ 1.32	\$.58
Weighted average number of common shares outstanding:					
Basic	751.6	751.6	751.6	751.6	751.6
Diluted	751.6	751.6	751.6	751.6	751.6

CONSOLIDATED BALANCE SHEET DATA
(In millions)

	At December 31, (a)				
	2005	2004	2003	2002	2001
				Unaudited	Unaudited
Total assets	\$ 19,115.6	\$ 18,440.8	\$ 22,304.4	\$ 21,993.0	\$ 23,007.8
Long-term debt	\$ 5,405.0	\$ —	\$ —	\$ —	\$ —
Total stockholders' equity/invested capital	\$ 7,787.9	\$ 13,465.2	\$ 15,815.7	\$ 15,248.6	\$ 16,275.6

(a) On July 22, 2005, Former Viacom sold Famous Players, its Canadian-based theater chain, to Cineplex Galaxy L.P., and as a result Famous Players is presented as a discontinued operation. In October 2004, the exchange offer for the split-off of Blockbuster was completed. Accordingly, Blockbuster is also presented as a discontinued operation. All prior period amounts have been reclassified to conform to this presentation.

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

Management's discussion and analysis of results of operations and financial condition should be read in conjunction with the consolidated financial statements and related notes. Descriptions of all documents incorporated by reference herein or included as exhibits hereto are qualified in their entirety by reference to the full text of such documents so incorporated or included. References to "Viacom," "Company," "we," "us" and "our" refer to Viacom Inc. and its consolidated subsidiaries through which its various businesses are conducted, unless the context requires otherwise. Certain amounts have been reclassified to conform to the 2005 presentation.

Overview

The Separation

On December 31, 2005, we became a stand-alone public company in connection with our separation from the former Viacom Inc. (the "Former Viacom"). Prior to the separation, we were a wholly-owned subsidiary of Former Viacom known as "New Viacom Corp." and acquired all of our initial businesses from the Former Viacom. Such businesses include MTV Networks ("MTVN") (including, among other networks, MTV Music Television, MTV 2, VH1, Nickelodeon, Nick at Nite, Comedy Central, CMT: Country Music Television, Spike TV and TV Land), BET, Paramount Pictures, Paramount Home Entertainment and Famous Music. The separation was effected through a merger, pursuant to which Viacom Merger Sub Inc. was merged with Former Viacom, with Former Viacom continuing as the surviving entity and being renamed CBS Corporation, and New Viacom Corp. being renamed Viacom Inc.

On December 31, 2005, in connection with the merger and the separation, each share of Former Viacom Class A common stock was converted into the right to receive 0.5 of a share of Viacom Class A common stock and 0.5 of a share of CBS Corporation Class A common stock. Similarly, each share of Former Viacom Class B common stock was converted into the right to receive 0.5 of a share of Viacom Class B common stock and 0.5 of a share of CBS Corporation Class B common stock. Holders of Viacom Class A and B common stock received cash in lieu of fractional shares.

In accordance with the terms of the Separation Agreement, on December 29, 2005 the Company paid a preliminary special dividend to the Former Viacom of \$5.4 billion. The dividend reduced the Company's Stockholders' Equity in the Company's Consolidated Balance Sheet as of December 31, 2005 and was funded by borrowings under the Company's term loan facility, which is more fully described in the Liquidity and Capital Resources section. Pursuant to the provisions of the Separation Agreement, the preliminary special dividend is subject to adjustments for, among other items, actual Former Viacom debt as of the date of the separation and actual CBS Corporation cash flow for the full year 2005, compared to estimates used to calculate the preliminary dividend paid on December 29, 2005. On March 14, 2006, we received from CBS Corporation an initial statement that the dividend should be increased by a net amount of approximately \$460 million. We have begun our assessment of the amount and underlying components of the proposed increase. Pursuant to the Separation Agreement, the parties have up to 65 days to settle on the adjustment before any disputed amounts would become subject to a dispute resolution process. Any additional amount due will be reflected as a direct charge to Stockholders' Equity in the period in which the adjustment amount is determined.

The Separation Agreement further provided that the Company is responsible for the first \$195.0 million in costs directly related to the separation. Amounts incurred in excess of \$195.0 million will be funded equally between the Company and CBS Corporation. Included as a component in selling, general and administrative expenses in the Company's Consolidated Income Statement for the year ended December 31, 2005 is \$163.5 million of transaction costs reflected as period expenses. Such amounts principally included investment banking and other professional fees.

**Management's Discussion and Analysis of
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(Tabular dollars in millions, except per share amounts)**

In connection with the separation, Viacom and CBS Corporation also entered into certain other agreements in order to govern certain of the ongoing relationships between Viacom and CBS Corporation after the separation. These agreements include a Transition Services Agreement and a Tax Matters Agreement. Related party arrangements are more fully described below and in the notes to the consolidated financial statements.

Recent Developments

On January 31, 2006, we completed our acquisition of DreamWorks LLC ("DreamWorks"), a leading producer of live-action motion pictures, television programming and home entertainment products, for approximately \$1.6 billion consisting of cash and the assumption of debt. We also entered into exclusive seven-year agreements for worldwide distribution rights and fulfillment services to films produced by DreamWorks Animation SKG, Inc. We are well along in our discussions regarding the sale of most of the DreamWorks live-action film library. In connection with the sale, we expect to retain the distribution rights to these films for at least a five-year period.

In connection with the DreamWorks acquisition, we borrowed approximately \$1.1 billion in the aggregate under our \$3.25 billion five-year credit agreement with the lenders named therein, JP Morgan Chase Bank, N.A., as administrative agent, Citibank, N.A., as syndication agent, and Bank of America, N.A., Deutsche Bank Securities Inc. and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as co-documentation agents, and Tranche B of our \$6.0 billion term loan credit agreement with the lenders named therein, Citibank, N.A., as administrative agent, JP Morgan Chase Bank, N.A., as syndication agent, and Bank of America, N.A., Deutsche Bank Securities Inc. and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as co-documentation agents (collectively, the "Credit Facilities"). The terms of the Credit Facilities are described in Note 10 to the consolidated financial statements.

During the first quarter of 2006, we entered into \$2.35 billion notional amount of variable to fixed rate interest swaps.

Basis of Presentation

The accompanying consolidated financial statements of the Company are presented on a carve-out basis and reflect the consolidated historical results of operations, financial position and cash flows of the Company, with operations in two segments: (i) Cable Networks and (ii) Entertainment.

The assets and liabilities of Viacom have been accounted for at the historical book values carried by Former Viacom prior to the separation and were assigned to Viacom pursuant to the terms of the Separation Agreement. The indebtedness of Former Viacom, other than certain capital lease obligations, was not transferred to Viacom and remains as indebtedness of CBS Corporation. Prior to the separation, Former Viacom centrally managed the cash flows generated from the Company's various businesses. The Invested Capital balance included as a component of Stockholders' Equity in the Company's Consolidated Balance Sheet through the date of separation includes accumulated earnings of the Company as well as receivables/payables due to/from CBS Corporation resulting from cash transfers and intercompany activity. Interest was not charged or credited on amounts due to/from Viacom.

The Consolidated Income Statements include allocations of Former Viacom corporate expenses and Paramount Pictures corporate overhead including accounting, treasury, tax, legal, human resources, information systems and other services as well as depreciation and amortization on allocated costs, to reflect the utilization of such shared services and assets by the Company. Total corporate costs allocated to the Company, excluding separations costs, were approximately \$162.0 million, \$136.2 million, and \$112.6 million for the years ended December 31, 2005, 2004 and 2003, respectively,

**Management's Discussion and Analysis of
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and were primarily included in Selling, General and Administrative expenses in the accompanying Consolidated Income Statements. Management believes the methodologies used to allocate charges for the services described above are reasonable.

The consolidated financial statements may not necessarily reflect Viacom's results of operations, financial position and cash flows in the future or what Viacom's results of operations, financial position and cash flows would have been had the Company been a separate, stand-alone company during the periods presented. As described above, none of the indebtedness of Former Viacom other than capital lease obligations was assumed by the Company and remains as indebtedness of CBS Corporation. Accordingly, debt service cost is not reflected in the Company's Consolidated Income Statements.

Famous Players and Blockbuster Inc. have been reported as discontinued operations for all periods presented. Famous Players was sold on July 22, 2005 and Blockbuster was split-off from Former Viacom in 2004.

Segments

We are a leading worldwide multiplatform, pure play content company with operations in the following segments:

- **Cable Networks:** The Cable Networks segment consists of the businesses of MTV Networks, including MTV: Music Television®, MTV2®, Nickelodeon®, Nick at Nite®, Noggin®, The N®, Nicktoons Network™, Turbo Nick™, VH1®, TV Land®, Spike TV®, CMT®: Country Music Television™, Logo™, Comedy Central®, Comedy Central's MotherLoad™, MTV Desi™, MTV Chi™, MTV Español®, mtvU™, mtvU Uber™, MTV Hits™, MTV Jams™, TEMPO™, MTV Overdrive™, MHD™, VH1 Classic™, VHUno™, VH1 Soul™, VH1 Country™, VH1's Vspot™, Game One™, VIVA™, TMF™, The Box™, Paramount Comedy™, Neopets™, GameTrailers.com™ and IFILM®; and the businesses of BET Networks, which includes BET® (Black Entertainment Television) and BET J™; and other program services, including online programming services such as websites, broadband channels and wireless applications.
- **Entertainment:** The Entertainment segment includes Paramount Pictures®, which produces and distributes feature motion pictures, Famous Music®, which engages in the music publishing business, and interests in 20 movie theaters.

Our revenues from the Cable Networks Segment accounted for 70%, 71% and 65% of our revenues for 2005, 2004 and 2003, respectively, our revenues from the Entertainment Segment accounted for 31%, 31% and 36% of our revenues for those periods, and elimination of intercompany revenues accounted for (1)%, (2)% and (1)% of our revenues for those periods.

Revenues

We have one of the largest collections of cable programming assets in the world, with leading global brands that are attractive advertiser vehicles. Our leading program services reach more than 165 territories through over 120 worldwide cable networks presented in over 25 different languages and reach over 440 million subscriber households worldwide. In the United States, our leading networks program approximately 1,780 hours per week and, according to Nielsen Media Research, reached approximately 150 million television viewers each week in the period from October 2005 to December 2005. Many of our brands, such as MTV, Nickelodeon and VH1, are known worldwide. Interbrand Corp., an international brand consultancy, has regularly cited MTV as one of the world's most valuable brands, including in 2005. Nickelodeon, which as of December 31, 2005 was available in over 300 million television households worldwide, is one of the world's most widely distributed

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children's television brands and has been the top-rated cable network for children in the United States for the past ten years.

Our Cable Networks segment revenues depend on the strength of our brands, which significantly affect our ability to attract and retain advertisers and affiliates. Our revenues depend, in part on our success in developing brands that appeal to a wide range of targeted niche audiences and represent demographics sought after by advertisers and affiliates. In addition, the extent of our distribution to specialized audiences and our focus on forging strong connections with our audiences determine whether our networks are an attractive venue for advertisers and affiliates.

Revenues from the Cable Networks segment are generated principally from advertising sales and affiliate fees. The sale of advertising time is affected by the desirability of viewer demographics, viewer ratings and economic conditions in the marketplace that could alter advertisers' spending habits. Affiliate fees consist of subscription fees from cable television operators, DTH satellite operators and other distributors who carry our networks. Our agreements with our distributors generally are long-term, have staggered expiration dates and provide for built-in rate increases and protected distribution. Other Cable Networks revenues consist of revenues from home entertainment sales of our original cable programming, the licensing and merchandising of our cable and consumer products worldwide and the syndication of cable programming. These revenues are driven primarily by the popularity of our programming airing on our cable networks.

Cable Network's revenue growth depends on the continued increases in advertising revenues and affiliate fees from our distributors, through the continued production of compelling content. Growth also depends on our ability to successfully expand onto new distribution platforms such as wireless and the Internet as these platforms become increasingly attractive to advertisers. We believe media fragmentation plays to our strengths, and our intent is to take advantage of emerging technological and consumer trends by extending our brands and distributing our content into new forms of integrated digital distribution, such as broadband, wireless, online community, video-on-demand, high-definition programming and other businesses. We aim to achieve this through a combination of organic growth, investment in our existing and complementary businesses, strategic relationships, and focused acquisitions that fit with our current brands and core competencies.

Revenues from our Entertainment Segment are primarily generated from feature film exploitation, which includes the exploitation of motion pictures in theatrical release, home entertainment, and other means, including network, pay television, syndication and basic cable revenues. Other Entertainment revenues principally relate to music publishing. Entertainment's results of operations substantially depend on the public response to our theatrical and DVD releases, our ability to obtain creative talent and story properties, and our films' distribution and marketing success. Therefore, the results of the Entertainment Segment can be volatile.

Our strategies for growing Entertainment revenues include implementing a multi-label model capitalizing on MTVN, BET, and DreamWorks brands; owning and increasing our control over international distribution; significantly expanding our home entertainment capabilities; and broadening our portfolio of films with an increased focus on specialty films. Developing synergies across our brands permits us to leverage our core MTVN and BET audiences that open and drive movies. Using our creative and marketing advantages in our common research, talent connections and global marketing activities will also benefit Entertainment.

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Operating Expenses

Operating expenses represented approximately 65% of our total expenses in 2005, 67% in 2004 and 69% in 2003 and consist of the following:

- *Production and program expenses.* In the Cable Networks segment, these expenses reflect amortization cost of all original and acquired programming exhibited on our cable networks. Production and program expenses are generally variable and depend primarily on the cost of on- and off-screen talent, whether or not scripted and whether animated or live. In the Entertainment segment, production and program expenses relate primarily to the amortization of feature film production costs, and development projects, production overhead and acquisition costs.
- *Distribution expenses.* These expenses include advertising and other distribution costs incurred primarily with respect to Entertainment product in theatrical or home entertainment release.
- *Other operating expenses.* These expenses primarily include the cost of home entertainment product as well as licensing and merchandising of Cable Networks product.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses primarily include expenses incurred for selling and marketing, occupancy, insurance, administrative support activities and public company expenses and, in 2005, separation-related costs of \$163.5 million.

Depreciation and Amortization

Our depreciation and amortization primarily relates to owned buildings, leasehold improvements, equipment and transponders, and intangible assets.

Acquisitions and Dispositions

On October 12, 2005, MTV Networks acquired IFILM Corp., which owns IFILM.com, a video-entertainment website, for \$49.0 million. On August 2, 2005, Famous Music acquired The Extreme Music Library Limited and Director's Cuts Production Music Limited for \$45.1 million. On June 20, 2005, MTV Networks acquired Neopets for approximately \$160.0 million. Neopets is the owner and operator of Neopets.com, a leading online destination and community for kids and young adults, whose members, among other things, create and care for virtual pets.

During 2004, MTV Networks acquired 97.8% of VIVA, a youth entertainment media company based in Germany, for a total purchase price of \$393.6 million and acquired the remainder in 2005 for \$8.4 million. During 2003, MTV Networks acquired the remaining 50% interest in Comedy Central that it did not previously own for \$1.2 billion.

On July 22, 2005, Former Viacom sold Famous Players, its Canadian-based theater chain for approximately \$400.0 million. In October 2004, Former Viacom completed the split-off of Blockbuster by exchanging the 72 million shares of Blockbuster Class A common stock and 72 million shares of Blockbuster Class B common stock that it owned for 27,961,165 shares of Former Viacom Class A and Class B common stock.

Consolidated Results of Operations—2005 vs. 2004 and 2004 vs. 2003

The accompanying consolidated financial statements are presented on a carve-out basis and reflect the consolidated historical results of operations, financial position and cash flows of the Company, with operations in two segments: (i) Cable Networks which includes MTV Networks and BET Networks and (ii) Entertainment which includes Paramount Pictures, Famous Music publishing operations and

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interests in 20 movie theaters. The consolidated financial statements also reflect results from the discontinued operations of Blockbuster Inc. and Famous Players (See Note 4).

The historical financial statements include allocations of Former Viacom corporate expenses and Paramount Pictures corporate overhead, including accounting, treasury, tax, legal, human resources, information systems and other transactions with Former Viacom. Former Viacom debt, other than capital lease obligations, has not been allocated and the related interest expense is not reflected in results of operations. Management believes the assumptions underlying the consolidated financial statements are reasonable. However, the consolidated financial statements included herein do not necessarily reflect what Viacom's results of operations, financial position and cash flows in the future or what its results of operations, financial position and cash flows would have been if Viacom had been a stand-alone company during the periods presented. Transactions between Viacom and Former Viacom and between Viacom and CBS Corporation have been identified as transactions between related parties.

The following table sets forth our results of operations:

	Year Ended December 31,		
	2005	2004	2003
Revenues	\$ 9,609.6	\$ 8,132.2	\$ 7,304.4
Expenses:			
Operating	4,737.4	3,908.0	3,672.6
Selling, general and administrative	2,246.8	1,689.8	1,432.1
Depreciation and amortization	259.0	251.6	197.9
Total expenses	7,243.2	5,849.4	5,302.6
Operating income	2,366.4	2,282.8	2,001.8
Interest expense	(23.0)	(24.2)	(23.2)
Interest income	3.9	3.3	2.2
Other items, net	(29.0)	(17.7)	(24.6)
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	2,318.3	2,244.2	1,956.2
Provision for income taxes	(1,020.0)	(808.2)	(787.6)
Equity in earnings (loss) of affiliated companies, net of tax	9.4	(40.0)	(18.2)
Minority interest, net of tax	(3.8)	(3.1)	(3.0)
Net earnings from continuing operations	1,303.9	1,392.9	1,147.4
Discontinued operations (a):			
Loss from discontinued operations, net of minority interest	(99.6)	(1,196.5)	(719.4)
Income tax benefit (provision)	52.6	97.3	(83.4)
Net loss from discontinued operations	(47.0)	(1,099.2)	(802.8)
Net earnings before cumulative effect of accounting change	1,256.9	293.7	344.6
Cumulative effect of accounting change, net of taxes	—	—	(6.1)
Net earnings	\$ 1,256.9	\$ 293.7	\$ 338.5

(a) On July 22, 2005, Former Viacom sold Famous Players, its Canadian-based theater chain, to Cineplex Galaxy L.P., and as a result Famous Players is presented as a discontinued operation. In October 2004, the exchange offer for the split-off of Blockbuster was completed. Accordingly, Blockbuster is also presented as a discontinued operation. All prior period amounts have been reclassified to conform to this presentation.

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Revenues

Our revenues for 2005 of \$9.61 billion increased \$1.48 billion, or 18%, from \$8.13 billion for 2004, reflecting 18% growth in Cable Networks and 19% growth in Entertainment. Our revenues for 2004 of \$8.13 billion increased \$827.8 million, or 11%, from \$7.30 billion for 2003, driven by a 20% increase in Cable Networks, partially offset by a decline in Entertainment of 5%.

For 2005, acquisitions, including IFILM, Extreme Music and Neopets, and VIVA, which was acquired in 2004, contributed incremental revenues of \$104.2 million, or 1%, to our revenue growth. In 2004, acquisitions, including VIVA and Comedy Central, which was acquired in 2003, contributed incremental revenues of \$306.1 million, or 4%, to our revenue growth.

The tables below present our revenues by type, net of intercompany eliminations, for each of the years ended December 31, 2005, 2004 and 2003.

Revenues by Type	2005	2004	2005 vs. 2004	2003	2004 vs. 2003
Advertising sales	\$ 3,963.4	\$ 3,349.6	18%	\$ 2,769.0	21%
Feature film exploitation	2,873.4	2,394.5	20%	2,561.7	(7)%
Affiliate fees	1,824.8	1,640.3	11%	1,448.4	13%
Other	948.0	747.8	27%	525.3	42%
Total Revenues	\$ 9,609.6	\$ 8,132.2	18%	\$ 7,304.4	11%

Percentage of Revenues by Type	Year Ended December 31,		
	2005	2004	2003
Advertising sales	41%	41%	38%
Feature film exploitation	30%	30%	35%
Affiliate fees	19%	20%	20%
Other	10%	9%	7%
Total	100%	100%	100%

We generated approximately 22% of our total revenues from international regions in 2005 and 21% in 2004 and 2003.

Year Ended December 31,	2005	Percentage of Total	2004	Percentage of Total	2003	Percentage of Total
United Kingdom	\$477.5	22%	\$450.2	26%	\$450.5	30%
Other Europe	881.7	41%	717.8	42%	514.1	34%
Canada	214.7	10%	125.6	7%	134.4	9%
All other	569.0	27%	420.6	25%	414.5	27%
Total International Revenues	\$ 2,142.9	100%	\$ 1,714.2	100%	\$ 1,513.5	100%

Operating Expenses

For 2005, operating expenses of \$4.74 billion increased \$829.4 million, or 21%, from \$3.91 billion in 2004. For 2004, operating expenses increased \$235.4 million, or 6%, from \$3.67 billion in 2003. The

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table below presents our operating expenses by type for each of the years ended December 31, 2005, 2004 and 2003:

Operating Expenses by Type	2005	2004	2005 vs. 2004	2003	2004 vs. 2003
Production and program	\$ 3,168.9	\$ 2,426.0	31%	\$ 2,193.7	11%
Distribution	1,179.0	1,172.2	1%	1,258.2	(7)%
Other	389.5	309.8	26%	220.7	40%
Total Operating Expenses	\$ 4,737.4	\$ 3,908.0	21%	\$ 3,672.6	6%

The major changes in operating expenses were as follows:

Production and program expenses of \$3.17 billion in 2005 increased \$742.9 million, or 31%, from \$2.43 billion in 2004. Cable Networks expenses grew 19% in line with revenue growth. Entertainment expenses grew 49%, or \$421.9 million, driven primarily by two productions *War of the Worlds* and *The Longest Yard*. Also contributing to the growth in Entertainment expenses were write-offs of \$31.6 million related to management's decision to abandon certain development projects and increases of \$20 million in development costs associated with the transition to new leadership at Paramount. For 2004, production and program expenses increased \$232.3 million, or 11%, from \$2.19 billion in 2003 with an increase in Cable Networks of 23% in line with revenue growth, partially offset by a decrease in Entertainment of 4%, driven by a 19% reduction in development costs and a 3% decline in film amortization, participation and residual expense.

Distribution expenses of \$1.18 billion in 2005 increased \$6.8 million, or 1%, from \$1.17 billion in 2004. Distribution expenses for 2004 decreased \$86.0 million, or 7%, from \$1.26 billion in 2003 principally reflecting lower distribution costs for home entertainment releases of feature films.

Other operating expenses of \$389.5 million in 2005 increased \$79.7 million or 26% from \$309.8 million in 2004 due to higher costs associated with home entertainment sales and licensing, which grew by 29% in Cable Networks. Other operating expenses increased \$89.1 million, or 40%, to \$309.8 million in 2004 from 2003 principally due to 37% growth in Cable Networks reflecting higher costs associated with home entertainment sales and licensing and additional costs from Comedy Central, acquired in May 2003.

Selling, General and Administrative Expenses

Selling, general and administrative expenses of \$2.25 billion in 2005 increased \$557.0 million, or 33%, reflecting separation related charges of \$163.5 million, \$70.5 million in operating segment severance charges and an increase of \$217.9 million, or 16%, in Cable Networks in line with 18% revenue growth. Selling, general and administrative expenses of \$1.69 billion in 2004 increased \$257.7 million, or 18%, primarily reflecting higher employee-related expenses, severance charges of \$28.1 million, as well as twelve months of expenses for Comedy Central, versus seven months in 2003.

Depreciation and Amortization

For 2005, depreciation and amortization increased \$7.4 million, or 3%, from \$251.6 million principally driven by higher intangible asset amortization resulting from acquisitions. For 2004, depreciation and amortization increased \$53.7 million, or 27%, from \$197.9 million in 2003, primarily reflecting capital expenditures increases related to leasehold improvements, equipment and transponders.

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Interest Expense

Interest expense is primarily attributable to capitalized lease obligations. For 2005, interest expense decreased by \$1.2 million from \$24.2 million. For 2004, interest expense increased by \$1.0 million to \$24.2 million from \$23.2 million in 2003. Interest expense was not materially impacted by the debt incurred by the Company in connection with the payment of the special dividend due to the short period of time the debt was outstanding in 2005. Interest expense will increase substantially in 2006 as our debt is expected to be outstanding for the entire year. See the Unaudited Pro Forma Condensed Consolidated Income Statement.

Interest Income

For 2005, interest income increased by \$.6 million to \$3.9 million and for 2004, interest income increased by \$1.1 million to \$3.3 million versus \$2.2 million in 2003.

Other Items, Net

Other items, net reflected a net loss of \$29.0 million for 2005, \$17.7 million for 2004 and \$24.6 million for 2003, principally consisting of costs associated with securitizing trade receivables of \$15.9 million, \$7.7 million and \$5.7 million, respectively, and foreign exchange losses of \$14.3 million, \$9.3 million, and \$18.9 million, respectively.

Provision for Income Taxes

The provision for income taxes relates to federal, state, local and foreign income taxes on earnings before income taxes. Our annual effective tax rate was 44.0% in 2005 versus 36.0% in 2004 and 40.3% before the cumulative effect of accounting changes in 2003. Our higher effective rate for 2005 principally reflects the effect of non-deductible separation related expenses of \$102.0 million which are included in the total separation costs of \$163.5 million. Included in the 2004 rate was the recognition of \$77.0 million in tax benefits from the resolution of certain income tax audits in 2004. Former Viacom managed its tax position for the benefit of its entire portfolio of businesses, and its tax strategies are not necessarily reflective of the tax strategies that the Company would have followed or will follow as a stand-alone company.

Equity in Earnings (Loss) of Affiliated Companies, Net of Tax

Equity in earnings (loss) of affiliated companies, net of tax reflected earnings of \$9.4 million for 2005 and losses of \$40.0 million for 2004 and \$18.2 million for 2003. For 2005, earnings primarily include positive results from MTV Networks international affiliates. For 2004, the loss principally reflected losses from the sale of international theater ventures, partially offset by positive results from other international ventures. For 2003, results principally reflected operating losses from international ventures, partially offset by the positive results of Comedy Central prior to acquisition in May 2003.

Minority Interest, Net of Tax

Minority interest primarily represented the minority ownership of certain international pay television companies.

Net Loss from Discontinued Operations

Net loss from discontinued operations reflects the operating results of Blockbuster and Famous Players through their respective dates of disposition. Discontinued operations reflected losses of \$47.0 million, \$1.1 billion and \$802.8 million for 2005, 2004 and 2003, respectively. Former Viacom recognized a net loss of \$47.0 million in 2005 in connection with the sale of Famous Players. The loss from discontinued operations in 2004 included a non-cash charge of \$1.5 billion (\$1.2 billion net of minority interest and tax) for the impairment of Blockbuster goodwill and other long-lived assets in

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accordance with SFAS 142 "Goodwill and Other Intangible Assets" and SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets."

In 2003, we recorded a non-cash impairment charge related to Blockbuster of approximately \$1.3 billion (\$1.0 billion, net of minority interest and tax) in accordance with SFAS 142. In completing our analysis of the fair value of the video business, several events led to the conclusion that the business had incremental risks that were required to be included in our evaluation of goodwill. Additionally, Blockbuster's review of long-lived assets in conjunction with SFAS 144 resulted in an impairment charge of approximately \$18.5 million to reduce the carrying value of certain fixed assets in four international markets.

Cumulative Effect of Accounting Change, Net of Tax

For 2003, the cumulative effect of accounting change, net of tax, of \$6.1 million, resulted from the adoption of SFAS No. 143 "Accounting for Asset Retirement Obligations."

Net Earnings

For 2005, we reported consolidated net earnings of \$1.26 billion versus \$293.7 million in 2004 and \$338.5 million in 2003. The increase in net earnings in 2005 was largely attributable to the decline in net loss from discontinued operations and increased revenues of 18%, partially offset by higher operating expenses. The decrease in net earnings in 2004 was driven by the increase in net loss from discontinued operations partially offset by revenue growth primarily from advertising.

Segment Results of Operations—For the Years Ended December 31, 2005, 2004 and 2003

The tables below present our revenues, operating income, and depreciation and amortization by segment for each of the years ended December 31, 2005, 2004 and 2003.

Year Ended December 31,	2005	2004	2003
Revenues:			
Cable Networks	\$ 6,757.8	\$ 5,745.5	\$ 4,775.3
Entertainment	2,995.3	2,513.7	2,655.8
Eliminations	(143.5)	(127.0)	(126.7)
Total Revenues	\$ 9,609.6	\$ 8,132.2	\$ 7,304.4
Operating Income:			
Cable Networks	\$ 2,610.1	\$ 2,265.0	\$ 1,928.9
Entertainment	70.1	154.2	189.7
Segment Total	2,680.2	2,419.2	2,118.6
Corporate expenses	(308.5)	(128.1)	(103.8)
Eliminations	(5.3)	(8.3)	(13.0)
Total Operating Income	\$ 2,366.4	\$ 2,282.8	\$ 2,001.8
Depreciation and Amortization:			
Cable Networks	\$ 230.8	\$ 223.2	\$ 171.4
Entertainment	23.0	19.0	16.8
Corporate	5.2	9.4	9.7
Total Depreciation and Amortization	\$ 259.0	\$ 251.6	\$ 197.9

(a) Eliminations principally reflect intercompany transactions related to the sale of advertising time to Paramount Pictures and the sale of feature films to cable networks.

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Cable Networks

Cable Networks contributed 70% of consolidated revenues for the year ended December 31, 2005, 71% for the year ended December 31, 2004 and 65% for the year ended December 31, 2003.

The table below presents Cable Networks' revenues by type for each of the years ended December 31, 2005, 2004 and 2003.

Revenues by Type	2005	2004	2005 vs 2004	2003	2004 vs. 2003
Advertising sales	\$ 4,035.3	\$ 3,410.2	18%	\$ 2,819.0	21%
Affiliate fees	1,824.8	1,640.3	11%	1,448.4	13%
Other	897.7	695.0	29%	507.9	37%
Total Revenues	\$ 6,757.8	\$ 5,745.5	18%	\$ 4,775.3	20%

2005 vs. 2004

For 2005, Cable Networks revenues increased \$1.01 billion, or 18%, to \$6.76 billion principally driven by a \$625.1 million, or 18%, increase in advertising revenues, a \$184.5 million or 11%, increase in affiliate revenues, and a \$202.7 million, or 29%, increase in other revenues. Advertising sales, which represented 60% of total revenues in 2005 and 59% in 2004, reflected double-digit gains across all MTV Networks domestic channels and BET, as well as 26% growth in international markets. Affiliate fees, which represented 27% of Cable Networks revenues in 2005, were up 11% reflecting subscriber and rate increases at MTV Networks from new and existing domestic networks and across international geographies as well as subscriber and rate increases at BET. Other revenues, which represented approximately 13% of Cable Networks revenues in 2005, were up 29%, primarily reflecting higher home video revenues as well as higher syndicated fees for Comedy Central and for VIVA. Acquisitions, including VIVA, IFILM and Neopets, contributed \$99 million in incremental revenues in 2005.

For 2005, Cable Networks operating income increased \$345.1 million, or 15%, to \$2.61 billion reflecting higher revenues, partially offset by 21% and 20% increases in operating expenses and SG&A, respectively. The increase in operating expenses reflected a \$64.1 million increase in original series programming costs at MTV Networks as well as higher amortization expenses associated with new acquired programming, such as *CSI: Crime Scene Investigation* for Spike, and higher music publishing and license fees. SG&A expenses increased principally due to higher domestic and international marketing expenses of \$92.4 million, increased rent and maintenance costs, as well as severance expense of \$47.9 million at MTV Networks. Total expenses for 2005 also included the full year impact of VIVA, which was acquired in 2004 and the inclusion of IFILM and Neopets.

2004 vs. 2003

For 2004, Cable Networks revenues increased \$970.2 million, or 20%, to \$5.75 billion principally driven by a \$591.2 million, or 21%, increase in advertising sales and a \$191.9 million, or 13%, increase in affiliate fees and 37% in other. Approximately 13% of Cable Networks revenues were generated from international regions, of which approximately 71% came from Europe. Total international revenue growth was 35%, led by Europe, and domestic revenues grew 19%.

Advertising sales, which represented 59% of total revenues in 2004 and 2003, grew as a result of an increase in the number of units sold and higher average rates. MTV Networks' advertising sales grew 22%, led by growth at Comedy Central, Nickelodeon and MTV, as well as the inclusion of VIVA. Advertising revenues at BET grew 11%. The growth in affiliate fees, which represented 29% and 30% of total revenues in 2004 and 2003, respectively, was principally driven by rate increases and subscriber

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growth at domestic channels. Other revenues, increased \$187.1 million, or 37%, benefiting from increases in Nickelodeon merchandising and licensing and higher home entertainment revenues led by *Chappelle's Show* DVD sales and higher international syndication sales.

For 2004, Cable Networks operating income increased \$336.1 million, or 17%, to \$2.27 billion reflecting higher revenues, partially offset by a 22% increase in total expenses. The increase in total expenses for the year included an increase in operating expenses of \$376.3 million, or 24%, which was driven by higher costs for original and acquired programming, particularly at MTV, VH1, Spike, TV Land and BET. Selling, general and administrative expenses for 2004 increased \$205.8 million, or 18%, primarily due to higher sales and marketing-related costs at MTV Networks and increased employee-related expenses. Total expenses also included the full year impact of Comedy Central and the inclusion of VIVA.

VIVA's results are included as part of MTV Networks, contributed \$63.0 million of revenues to Cable Networks for 2004 from the date of acquisition, and contributed 1% to the total revenue increase. Comedy Central, which was acquired in May 2003, contributed 5% to Cable Networks revenue growth for 2004.

Entertainment

Entertainment contributed 31% of consolidated revenues for the years ended December 31, 2005 and 2004, and 36% for the year ended December 31, 2003. The table below presents Entertainment's revenues by type for each of the years ended December 31, 2005, 2004 and 2003.

Revenues by Type	2005	2004	2005 vs 2004	2003	2004 vs. 2003
Feature film exploitation	\$ 2,898.7	\$ 2,425.4	20%	\$ 2,576.7	(6)%
Other	96.6	88.3	9%	79.1	12%
Total Revenues	\$ 2,995.3	\$ 2,513.7	19%	\$ 2,655.8	(5)%

2005 vs. 2004

For 2005, Entertainment revenues increased \$481.6 million, or 19%, to \$3.00 billion, driven by *War of the Worlds*, *The Longest Yard*, *Coach Carter*, *Sahara* and *Four Brothers*. Including home entertainment sales, those 5 films more than doubled the performance of comparable 2004 titles including *Mean Girls*, *The Manchurian Candidate*, *The Stepford Wives*, *Collateral* and *Twisted*. 2005 also benefited from the carryover impact of the 2004 slate which contributed over \$100 million more to 2005 than the 2003 titles contributed to 2004; however, those gains were partially offset by lower sales from older titles and the carryover impact of the 2003 DVD release of *The Adventures of Indiana Jones* titles in 2004. Approximately 40% of Entertainment's revenues were partially generated from international regions in 2005, principally Europe and Canada.

For 2005, Entertainment operating income decreased \$84.1 million, or 55%, to \$70.1 million primarily due to a \$31.6 million charge related to the abandonment of development projects started by prior management, severance costs of \$22.6 million incurred to adjust Paramount's overhead structure, and incremental development costs of approximately \$20 million.

2004 vs. 2003

For 2004, Entertainment revenues decreased \$142.1 million, or 5%, to \$2.51 billion principally reflecting lower feature film exploitation revenues, partially offset by higher other revenues from music

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publishing. Approximately 39% of Entertainment's revenues were generated from international regions in 2004, principally Europe and Canada.

For 2004, feature film exploitation revenues decreased \$151.3 million, or 6%, principally reflecting 11% lower worldwide home entertainment revenues as contributions from 2004 titles, including *Mean Girls*, *School of Rock*, *The Manchurian Candidate*, *The Stepford Wives* and *Paycheck*, did not match the success of the prior year's titles led by *The Adventures of Indiana Jones*—the Complete DVD Movie Collection, *How To Lose A Guy In 10 Days* and *The Italian Job*. Worldwide theatrical revenues decreased 3% with releases including *Mean Girls*, *Collateral*, *Lemony Snicket's A Series of Unfortunate Events*, *The SpongeBob SquarePants Movie* and *The Manchurian Candidate*. Other revenues, primarily from music publishing, increased \$9.2 million, or 12% to \$88.3 million in 2004.

For 2004, Entertainment operating income decreased \$35.5 million, or 19%, to \$154.2 million primarily due to the revenue decreases noted above, partially offset by a \$106.6 million, or 4%, decrease in total expenses primarily from operating expenses. The decrease in operating expenses principally reflected lower film distribution costs, film amortization and participation and residual expenses. Selling, general and administrative expenses increased 13% due in part to a severance charge of \$10.4 million recorded in the second quarter of 2004 related to a management 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. Unrecognized revenues attributable to television licensing agreements were approximately \$1.1 billion as of December 31, 2005 and \$1.2 billion as of December 31, 2004 and 2003 including intercompany revenues of \$61.3, \$65.9 million and \$68.9 million, respectively.

Financial Position

December 31, 2005 vs. December 31, 2004

Current assets increased by \$886.5 million to \$3.51 billion at December 31, 2005 from \$2.63 billion at December 31, 2004, primarily due to increases in other assets of \$256.9 million relating to production distribution advances, accounts receivable of \$152.9 million primarily related to higher revenues in 2005, and cash and cash equivalents of \$212.2 million.

Net property and equipment increased to \$1.18 billion at December 31, 2005 from \$1.10 billion at December 31, 2004, due to capital expenditures of \$193.0 million which primarily consists of approximately \$75.7 million for information systems and approximately \$22.6 million for improvements to Paramount's studio assets.

Goodwill increased \$94.5 million to \$10.36 billion at December 31, 2005 from \$10.27 billion at December 31, 2004, primarily due to the acquisition of Neopets, Inc.

Current liabilities increased \$483.0 million to \$3.27 billion at December 31, 2005 from \$2.79 billion at December 31, 2004 primarily due to incremental severance accruals of \$67.5 million, transaction cost related accruals of \$119.0 million, and higher accounts payable of \$197.8 million.

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Cash Flows

Cash and cash equivalents increased by \$211.1 million for the year ended December 31, 2005. The change in cash and cash equivalents was as follows:

Year Ended December 31,	2005	2004	2003
Cash provided by operating activities	\$ 1,627.4	\$ 1,989.9	\$ 1,911.0
Cash used for investing activities	(165.1)	(288.6)	(1,594.6)
Cash used for financing activities	(1,251.2)	(1,844.4)	(220.3)
Increase (decrease) in cash and cash equivalents	\$ 211.1	\$ (143.1)	\$ 96.1

Operating Activities

Cash provided by operating activities of \$1.63 billion for the year ended December 31, 2005 decreased \$362.5 million versus 2004. The decrease was principally due to a decrease in cash flows attributable to discontinued operations of \$285.8 million, lower net earnings from continuing operations and higher cash taxes paid in 2005.

In 2004, cash provided by operating activities increased \$78.9 million to \$1.99 billion from \$1.91 billion for the same prior year period. The increase primarily reflected higher earnings from continuing operations in 2004 and higher receivable collections in 2004, partially offset by a decrease in cash flow provided by discontinued operations in 2004 and the timing of the split-off of Blockbuster which occurred in October 2004. In 2003, cash provided by operating activities increased \$310.2 million to \$1.9 billion principally due to higher earnings from continuing operations in 2003 and higher cash flow provided by discontinued operations.

Investing Activities

Cash used for net investing activities of \$165.1 million for the year ended December 31, 2005 principally reflected acquisitions of \$356.1 million, consisting primarily of the acquisition of Neopets, IFILM and Extreme Music, and capital expenditures of \$193.0 million, partially offset by proceeds from dispositions of \$404.2 million, primarily from the sale of Famous Players. Capital expenditures of \$193.0 million increased \$52.5 million, or 37%, principally reflecting increased investment in information systems in part related to the separation from the Former Viacom and leasehold improvements. Capital expenditures for Cable Networks were \$142.5 million, \$86.9 million and \$81.7 million for 2005, 2004 and 2003, respectively. The 64% incremental spending in 2005 is largely attributable to investments in technology and information systems. Entertainment capital expenditures were \$46.7 million, \$29.2 million and \$27.6 million for 2005, 2004 and 2003, respectively. The 60% incremental spending in 2005 primarily relates to information systems and improvements to Paramount's studio assets.

In 2004, cash used for investing activities of \$288.6 million reflected acquisitions of \$363.7 million, primarily consisting of the acquisition of VIVA, capital expenditures of \$140.5 million and cash flow attributable to discontinued operations of \$433.3 million partially offset by the \$738.1 million special distribution paid by Blockbuster in the third quarter of 2004. Capital expenditures increased \$26.2 million, or 23%, to \$140.5 million in 2004. Net cash expenditures for investing activities of \$1.6 billion for the year ended December 31, 2003 principally reflected acquisitions of \$1.3 billion and capital expenditures of \$114.3 million. Acquisitions in 2003 included the acquisition of the remaining 50% interest in Comedy Central for \$1.2 billion. Investing activities also included additional investments in affiliated companies which totaled \$74.3 million in 2004 and \$23.2 million in 2003.

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Financing Activities

Cash used for financing activities principally reflected the net contribution to Former Viacom. Since the businesses of Viacom were held directly or indirectly by Former Viacom, daily cash needs of Viacom were funded by Former Viacom and cash generated by the operations of Viacom was swept daily to Former Viacom for general corporate purposes, including acquisitions and stock repurchases.

In accordance with the terms of the Separation Agreement, on December 29, 2005 the Company paid a preliminary special dividend to the Former Viacom of \$5.4 billion. The dividend reduced the Company's Stockholders' Equity in the Company's Consolidated Balance Sheet as of December 31, 2005 and was funded by borrowings under the Company's term loan facility, which is more fully described in the Liquidity and Capital Resources section. Pursuant to the provisions of the Separation Agreement, the preliminary special dividend is subject to adjustments for, among other items, actual Former Viacom debt as of the date of the separation and actual CBS Corporation cash flow for the full year 2005, compared to estimates used to calculate the preliminary dividend paid on December 29, 2005. On March 14, 2006, we received from CBS Corporation an initial statement that the dividend should be increased by a net amount of approximately \$460 million. We have begun our assessment of the amount and underlying components of the proposed increase. Pursuant to the Separation Agreement, the parties have up to 65 days to settle on the adjustment before any disputed amounts would become subject to a dispute resolution process. Any additional amount due will be reflected as a direct charge to Stockholders' Equity in the period in which the adjustment amount is determined.

In 2004, cash flow used for financing activities of \$1.8 billion principally reflected the net contribution to Former Viacom of \$1.7 billion. In 2003, cash flow uses for financing activities of \$220.3 million primarily reflected \$361.9 million used by discontinued operations partially offset by \$189.1 million of funding from Former Viacom. The funding in 2003 was due to the \$1.2 billion acquisition of Comedy Central, partially offset by operating cash flow contributed to Former Viacom.

Stock Repurchase Program

The Company has a \$3.0 billion share repurchase program which was approved by the Former Viacom Board on December 8, 2005 and ratified by our Board on January 26, 2006. As of March 10, 2006, 17.3 million shares had been repurchased in the open market under the program for an aggregate purchase price of approximately \$724 million, and an additional 2.0 million shares had been purchased under the NAIRI Agreement for an aggregate purchase price of \$83.8 million. See "Transactions Among Companies Owned by or Affiliated with NAI" beginning on page II-29.

Liquidity and Capital Resources

Capital Structure

Viacom Credit Agreement

As of December 31, 2005, we had credit facilities totaling \$9.25 billion, comprised of a \$3.25 billion revolving facility due December 2010, and a \$6.0 billion term facility with portions due in March 2007 and June 2007 (collectively, the "Credit Facilities").

The \$3.25 billion revolving facility was entered into on December 8, 2005, and became effective on December 31, 2005. As of December 31, 2005, no amounts had been drawn against the facility (see Note 20 to the consolidated financial statements). The primary purpose of this facility is to fund short term liquidity needs and to support future commercial paper borrowings. The \$6.0 billion term facility was also entered into on December 8, 2005, and became effective on December 29, 2005. As of

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December 31, 2005, we had outstanding borrowings of \$5.4 billion under the term facility which were used to pay the preliminary special dividend to Former Viacom.

Borrowing rates under the Credit Facilities are determined at our option at the time of each borrowing and are based generally on the prime rate in the United States or the London Interbank Offer Rate plus a margin based on our senior unsecured credit rating. We also pay a facility fee based on the total amount of the commitments under the \$3.25 billion facility and a portion of the \$6.0 billion facility. At our option, we may borrow in certain foreign currencies up to specified limits under the \$3.25 billion facility.

The Credit Facilities contain covenants, which, among other things, require that we maintain a minimum interest coverage ratio. At December 31, 2005, we were in compliance with all covenants under the Credit Facilities. Pursuant to the Credit Facilities, we are not precluded from paying dividends.

At December 31,	2005	2004
Notes payable to banks	\$ 5,405.0	\$ —
Obligations under capital leases	352.9	345.1
Total debt	5,757.9	345.1
Less current portion	55.8	53.4
Total long-term debt from continuing operations, net of current portion	\$ 5,702.1	\$ 291.7

The Company's scheduled maturities of long-term debt, excluding capital leases, outstanding at December 31, 2005 were as follows:

	2006	2007	2008	2009	2010	2011 and thereafter
Long-term debt	\$ —	\$ 5,405.0	\$ —	\$ —	\$ —	\$ —

We believe that our operating cash flows, cash and cash equivalents, borrowing capacity under committed bank facilities and future access to capital markets will be sufficient to fund our operating needs, including commitments, contingencies, capital and investing commitments, and our financing requirements. The funding for commitments to purchase programming rights, film operations, and talent contracts will come primarily from cash flow from operations.

We project anticipated cash requirements, which include capital expenditures, share purchases, acquisitions, and payments on our indebtedness, as well as cash flows generated from operating activities available to meet these needs. Any future net cash funding requirements are expected to be financed with short term borrowings and long-term debt.

The Company anticipates that future debt maturities will be funded with cash and cash equivalents, cash flows generated from operating activities and future access to capital markets. There can be no assurance that the Company will be able to access capital markets on terms and conditions that will be acceptable to it. 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.

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As of December 31, 2005, our significant contractual obligations, including payments due by period, were as follows:

	Payments Due by Period						
	Total	2006	2007	2008	2009	2010	2011 and thereafter
Programming and talent commitments ⁽¹⁾	\$ 1,064.3	\$ 318.0	\$ 180.8	\$ 167.9	\$ 88.9	\$ 68.8	\$ 239.9
Operating leases ⁽²⁾	\$ 859.7	\$ 137.7	\$ 127.9	\$ 114.7	\$ 105.4	\$ 73.5	\$ 300.5
Purchase obligations ⁽³⁾	\$ 95.1	\$ 82.3	\$ 9.1	\$ 1.7	\$ 1.3	\$.7	\$ —
Capital lease obligations (including interest) ⁽⁴⁾	\$ 444.9	\$ 76.8	\$ 75.2	\$ 68.2	\$ 64.7	\$ 47.1	\$ 112.9
Long-term debt	\$ 5,405.0	\$ —	\$ 5,405.0	\$ —	\$ —	\$ —	\$ —
Other long-term liabilities ⁽⁵⁾	\$ 989.0	\$ —	\$ 539.9	\$ 234.8	\$ 100.7	\$ 52.5	\$ 61.1

(1) Programming and talent commitments primarily include \$824.9 million relating to cable programming and feature film production and acquisitions and \$234.4 million for talent contracts.

(2) Includes long-term non-cancelable operating lease commitments for retail and office space and equipment, transponders, studio facilities and vehicles.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including open purchase orders.

(4) Includes capital leases for satellite transponders.

(5) Long-term contractual obligations primarily consist of participations due to producers and residuals and cable program liabilities.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements primarily consist of an accounts receivable securitization program and guarantees.

Accounts Receivable Securitization Program

As of December 31, 2005 and December 31, 2004, we had a total of \$450.0 million outstanding under a revolving receivable securitization program. The program resulted 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 our balance sheets. We enter into this arrangement because it provides an additional source of liquidity. The terms of the revolving securitization arrangement require that the receivable pools subject to the program meet certain performance ratios. We are in compliance with the required ratios under the receivable securitization program for all periods presented.

Guarantees

We follow the recognition provisions of Financial Accounting Standards Board Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which we refer to herein as "FIN 45," for guarantees, including indemnities, issued or modified after December 31, 2002. FIN 45 requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of an obligation assumed by issuing a guarantee. FIN 45 also requires additional disclosures for certain guarantees. The adoption of FIN 45 did not have a significant impact on our financial position, results of operations or cash flows.

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In connection with the separation, we agreed to indemnify Former Viacom with respect to obligations as guarantor on certain Blockbuster store leases. Blockbuster's obligations under these store leases aggregated approximately \$353.0 million at December 31, 2005. Certain leases contain renewal options that can extend the primary lease term and remain covered by the guarantees. Blockbuster's indemnification obligations are secured by a \$150.0 million letter of credit. The estimated fair value of our indemnification obligation of approximately \$53.1 million is reflected in the accompanying Consolidated Balance Sheet at December 31, 2005. Blockbuster has agreed to indemnify Former Viacom with respect to any amount paid under these guarantees.

In the third quarter of 2005, Former Viacom sold Famous Players, an operator of movie theaters in Canada. Former Viacom may incur liabilities associated with Famous Players theater leases. Famous Players obligations under these theater leases aggregated approximately \$1.02 billion at December 31, 2005. We agreed to indemnify CBS Corporation with respect to any liability under these theater leases. The estimated fair value of these indemnification obligations of approximately \$179.9 million is reflected in the accompanying Consolidated Balance Sheet at December 31, 2005.

In the fourth quarter of 2004, Former Viacom sold substantially all of its 50% equity interest in UCI, which operates movie theaters in Europe, Latin America and Asia. In connection with the separation, we agreed to indemnify CBS Corporation with respect to the obligations of Former Viacom as guarantor on certain UCI theater leases. These guarantees totaled approximately \$152.4 million at December 31, 2005 and \$177.0 million at December 31, 2004 and are secured by bank guarantees provided by the buyer. Former Viacom had guaranteed UCI's debt obligations under a revolving credit facility which was repaid during the fourth quarter of 2004, and contributed \$29.1 million toward the repayment of UCI's debt obligation under the terms of this guarantee.

We also own a 50% interest in WF Cinema Holdings, L.P. and a 35% interest in Grauman's Theaters LLC. Viacom has guaranteed certain of these theater leases. These guarantees totaled approximately \$10.0 million at December 31, 2005 and \$13.3 million at December 31, 2004. The lease guarantees would only be triggered upon non-payment by the respective primary obligors. These guarantees are not recorded on the balance sheet as of December 31, 2005 as they were provided by the Company prior to the adoption of FIN 45. We agreed to indemnify CBS Corporation with respect to any obligations of Viacom under these guarantees.

Additionally, we have indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated \$29.8 million at December 31, 2005 and \$24.8 million at December 31, 2004 and are not recorded on the balance sheet as of December 31, 2005 and December 31, 2004.

Legal Matters

In July 2002, judgment was entered in favor of Former Viacom, Blockbuster, Paramount Home Entertainment and other major motion picture studios and their home video subsidiaries with respect to a complaint filed in the United States District Court for the Western District of Texas. The complaint included federal antitrust and California state law claims. In August 2003, the U.S. Court of Appeals for the Fifth Circuit affirmed the federal court judgment. The U.S. Supreme Court refused plaintiffs' petition for writ of certiorari in March 2004. In February 2003, a similar complaint that had been filed in a Los Angeles County Superior Court was also dismissed with prejudice. The plaintiffs appealed the California state court dismissal, as well as a prior denial of class certification. On November 22, 2005, the California Court of Appeal affirmed the trial court's dismissal of the antitrust

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and conspiracy claims. The court reversed the dismissal of California Unfair Practices Act and Unfair Competition Act claims and remanded those claims to the trial court, except with regard to transactions between Paramount and Blockbuster as to which the trial court dismissal was affirmed. Blockbuster remains a defendant in the case with respect to our transactions with studios other than Paramount. As the result of the split-off of Blockbuster from Former Viacom in 2004, any judgment in this matter adverse to Former Viacom, Blockbuster and/or Paramount Home Entertainment may be allocated 33.33% to Blockbuster and 66.67% to Former Viacom. Pursuant to the Separation Agreement, we have assumed and will indemnify CBS Corporation for Former Viacom's responsibility for losses in this matter.

On July 13, 2005, two identical shareholder derivative lawsuits were filed against Former Viacom. The suits, consolidated as *In re Viacom Shareholders Derivative Litigation*, relate to the compensation of Sumner Redstone, Tom Freston and Leslie Moonves, each of whom were executive officers of Former Viacom. Mr. Redstone is currently our Executive Chairman of the Board and Founder and Mr. Freston is our President and Chief Executive Officer. Mr. Moonves is the President and Chief Executive Officer of CBS Corporation. The plaintiffs claim that the compensation of these officers was excessive and unwarranted and not entirely fair to Former Viacom and its shareholders. Plaintiffs seek disgorgement of compensation paid to the named officers in 2004, unspecified damages from members of Former Viacom's Board of Directors for alleged breach of fiduciary duty, and other relief. Prior to the separation, Former Viacom moved to dismiss the case on both procedural and substantive grounds. No decision has been rendered on the motion. Former Viacom also was served with several shareholder demands for business records under Delaware law in connection with the shareholders' purported investigations of similar claims. Under the Separation Agreement, liabilities in connection with executive compensation claims relating to officers of Former Viacom are shared equally by Viacom and CBS Corporation.

In late 2005 and early 2006, Former Viacom was named as a defendant in three lawsuits in the United States District Court for the Northern District of Texas and one lawsuit in the United States District Court for the Southern District of New York, each relating to the 2004 split-off of Blockbuster from Former Viacom. Each of the lawsuits names as defendants NAI, Former Viacom and Blockbuster, and certain of their respective present and former officers and directors, including some individuals who are officers and directors of New Viacom. The Texas lawsuits are purported class actions which allege violations of the federal securities laws. The New York case is a purported class action which alleges that the defendants breached fiduciary obligations to the Blockbuster Investment Plan in violation of the Employee Retirement Income Security Act by continuing to offer to plan participants Blockbuster stock from and after November 2003 and by offering to plan participants the opportunity to exchange their shares of Former Viacom common stock for the shares of Blockbuster common stock that were owned by Former Viacom in connection with the 2004 split-off transaction. Plaintiffs in each of the lawsuits allege that the defendants made untrue statements of material facts and concealed and failed to disclose material facts with respect to Blockbuster's business prospects. The lawsuits seek damages in unspecified amounts and other relief. In connection with the split-off, Blockbuster agreed to indemnify Former Viacom and its employees, officers and directors with respect to liabilities arising out of any material untrue statements and omissions in those portions of the 2004 Prospectus-Offer to Exchange relating to the split-off that were provided by Blockbuster. Pursuant to the Separation Agreement we will indemnify CBS Corporation for any losses arising from these lawsuits.

We believe that the plaintiffs' positions in these litigations are without merit and intend to vigorously defend ourselves in the litigations. Litigation is inherently uncertain and always difficult to

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predict. However, based on our understanding and evaluation of the relevant facts and circumstances, we believe that the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on our results of operations, financial position or cash flows.

Market Risk

We are exposed to market risk related to foreign currency exchange rates and interest rates. We use or expect to use derivative financial instruments to modify exposure to risks from fluctuations in foreign currency exchange rates and interest rates. In accordance with our policy, we do not use derivative instruments unless there is an underlying exposure and therefore, we do not hold or enter into financial instruments for speculative trading purposes.

Foreign Exchange Risk

We conduct business in various countries outside the United States, resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. dollar. In order to hedge anticipated cash flows and foreign currency balances in such currencies as the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the Singapore Dollar and the Euro, foreign currency forward and option contracts are used. Additionally, we designate forward contracts used to hedge future production costs as cash flow hedges, and designate certain forward contracts as a hedge of the foreign currency exposure of a net investment in a foreign operation. The change in fair value of the non-designated contracts is included in current period earnings as part of "Other items, net." We manage the use of foreign exchange derivatives centrally. At December 31, 2005, the notional value of all foreign exchange contracts was \$109.1 million, of which \$33.6 million related to the hedging of future production costs. The remaining \$75.5 million represents hedges of underlying foreign currency balances and expected foreign currency net cash flows. At December 31, 2004, the notional value of all foreign exchange contracts was \$174.8 million, of which \$74.6 million related to the hedging of future production costs. The remaining \$100.2 million represents hedges of underlying foreign currency balances and expected foreign currency net cash flows. At December 31, 2003, the notional value of all foreign exchange contracts of \$79.5 million represented hedges of underlying foreign currency balances and expected foreign currency net cash flows.

Interest Rate Risk

Our interest expense is exposed to movements in short-term rates. Swap agreements may be used to modify this exposure. As of December 31, 2005 and December 31, 2004, there were no interest rate swaps outstanding. We have variable-rate debt that had an outstanding balance of \$5.4 billion as of December 31, 2005. Based on our variable-rate obligations outstanding at December 31, 2005, a 1% increase or decrease in the level of interest rates would, respectively, increase or decrease our annual interest expense and related cash payments by approximately \$54.0 million. Such potential increases or decreases are based on certain simplifying assumptions, including a constant level of variable-rate debt for all maturities and an immediate, across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period. Conversely, since almost all of our cash balance of approximately \$361.1 million is invested in variable-rate interest earning assets, we would also earn more (less) interest income due to such an increase (decrease) in interest rates.

Credit Risk

We continually monitor our positions with, and credit quality of, the financial institutions which are counterparties to our financial instruments. We are exposed to credit loss in the event of

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nonperformance by the counterparties to the agreements. However, we do not anticipate nonperformance by the counterparties.

Related Parties

NAI, through NAIRI, Inc., is the controlling stockholder of both Viacom and CBS Corporation. Sumner M. Redstone, Chairman, Chief Executive Officer and controlling shareholder of NAI, is the Executive Chairman of the Board and Founder of Viacom and CBS Corporation.

Viacom and CBS Corporation Related Party Transactions

Through our normal course of business, we are involved in transactions with companies owned by or affiliated with CBS Corporation. Through Paramount Pictures, we license motion picture products to CBS Corporation. Paramount Pictures also distributes certain television products on behalf of CBS television in the home entertainment market. MTV Networks and BET recognize advertising revenues for media spending placed by various subsidiaries of CBS Corporation. In addition, we are also involved in transactions with Simon & Schuster and Paramount Parks, wholly owned subsidiaries of CBS Corporation. Total revenues from these transactions were \$154.9 million, \$157.4 million, and \$221.2 million for the years ended December 31, 2005, 2004 and 2003, respectively.

Through MTV Networks and BET, we purchase television programming from CBS Corporation. The cost of these purchases is initially recorded as program rights inventory and amortized over the life of the contract. In addition, we place advertisements with various subsidiaries of CBS Corporation. The total related party purchases were \$173.6 million, of which \$78.8 million was for purchases of advertising, \$378.2 million, of which \$214.1 million was for purchases of programming, and \$186.8 million, of which \$112.0 million was for purchases of programming, for the years ended December 31, 2005, 2004 and 2003, respectively.

Transactions with CBS Corporation through the normal course of business, are settled in cash. The following table presents the amounts due from or due to CBS Corporation as reflected in our Consolidated Balance Sheets:

	At December 31, 2005		At December 31, 2004	
Amounts Due from CBS Corporation				
Receivables	\$	75.0	\$	66.8
Other assets		67.3		88.4
Total Due from CBS Corporation	\$	142.3	\$	155.2
Amounts Due to CBS Corporation				
Accounts payable	\$	12.4	\$	13.2
Participants' share, residuals and royalties payable		40.6		9.8
Program rights, current		182.8		177.3
Deferred income, current		13.0		15.0
Other liabilities (program rights, non-current)		238.2		383.4
Total Due to CBS Corporation	\$	487.0	\$	598.7

In connection with the separation, we entered into a Separation Agreement with CBS Corporation that identified assets to be transferred, liabilities to be assumed and obligations of each company following the separation, including indemnification obligations for such liabilities. In addition, we

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entered into a Transition Services Agreement and a Tax Matters Agreement with CBS Corporation. Such arrangements are further described below and in the notes to the consolidated financial statements.

Through the normal course of our business, we are involved in transactions with other affiliated companies that have not been material in any of the periods presented.

Separation Agreement

The following description of the principal provisions of the Separation Agreement between Former Viacom and us is qualified by reference to the text of the Separation Agreement, which is filed as an exhibit to this annual report.

Overview—The Separation Agreement contains the key provisions required to effect the separation of Former Viacom into Viacom and CBS Corporation. The Separation Agreement identified assets transferred, liabilities assumed and contracts assigned to us by CBS Corporation and to CBS Corporation by us in the separation, and described when and how these transfers, assumptions and assignments were to occur. The Separation Agreement also set forth certain agreements between us and CBS Corporation with respect to the period following the separation date. Former Viacom and Viacom executed the Separation Agreement December 19, 2005.

Transfer of Assets and Assumption of Liabilities—The Separation Agreement provided that, subject to the terms and conditions contained in the Separation Agreement, among other matters:

- All of the assets of Former Viacom primarily related to the Viacom business, as well as certain other specific assets, were retained by or transferred to Viacom or one of Viacom's subsidiaries;
- Liabilities of Former Viacom were allocated to and assumed by Viacom to the extent they are related to Viacom's business, as well as certain other specified liabilities;
- Liabilities and assets of Former Viacom not retained by or transferred to us will be liabilities and assets of CBS Corporation;
- Specified liabilities related to Blockbuster, Famous Players and UCI were assumed by Viacom; and
- Viacom assumed 50% of any liabilities (i) under applicable law, including U.S. federal or state securities laws, arising from or relating to any documents filed with any governmental authorities, including the SEC, at or prior to the date of the separation in connection with the separation, (ii) arising from or relating to any action commenced with respect to the separation against Former Viacom, us or CBS Corporation and (iii) except to the extent otherwise allocated to Viacom or CBS Corporation, arising from, relating to or involving a general corporate matter of Former Viacom, including any claim under U.S. federal or state securities laws or for breach of fiduciary duty, that relates to events that took place prior to the date of the separation.

Special Cash Dividend to Former Viacom—In accordance with the terms of the Separation Agreement, on December 29, 2005 the Company paid a preliminary special dividend to the Former Viacom of \$5.4 billion, which amount is subject to adjustment as more fully described above and in Note 1 to the consolidated financial statements.

Expenses—Under the Separation Agreement, Viacom is responsible for transaction costs up to \$195.0 million and Viacom and CBS Corporation are equally responsible for any amounts over \$195.0 million. We recorded \$163.5 million in 2005 in separation costs principally for professional services fees.

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Indemnification Obligations—Pursuant to the Separation Agreement, each company indemnified the other company and the other company's officers, directors and employees for any losses arising out of its failure to perform or discharge any of the liabilities it assumed pursuant to the Separation Agreement, its businesses as conducted as of the date of the separation and its breaches of shared contracts.

Legal Matters—In general, under the Separation Agreement, Viacom assumed the liability for, and control of, all pending and threatened legal matters related to its own business or assumed liabilities and will indemnify the other party for any liability arising out of or resulting from such assumed legal matters. Liability for, and control of, future litigation claims against Viacom for events that took place prior to, on or after the date of the separation generally will be assumed by the company operating the business to which the claim relates or, in the case of businesses which were sold or discontinued prior to the date of the separation, or for other matters agreed to be indemnified, the company which has assumed the liabilities. Viacom agreed to cooperate in defending any claims against both of Viacom and CBS Corporation for events that took place prior to, on, or after the date of the separation.

Employee Matters—The Separation Agreement allocated liabilities and responsibilities relating to employee compensation and benefit plans and programs and other related matters in connection with the separation, including the treatment of certain outstanding annual and long-term incentive awards, existing deferred compensation obligations and certain retirement and welfare benefit obligations. In general, the Separation Agreement provides that, following the separation, Viacom is responsible for all employment and benefit-related obligations and liabilities related to current employees who work for Viacom immediately following the separation, former Former Viacom employees who most recently worked for other businesses and operations that became part of Viacom immediately following the separation, former Former Viacom employees who most recently worked for certain other businesses and operations that were sold or discontinued prior to the separation, and certain other former employees of Former Viacom as set forth in the Separation Agreement (and, in each case, their dependents and beneficiaries). Liability for benefit-related obligations and liabilities of former employees of Former Viacom who most recently worked for the Former Viacom corporate office or the Paramount Pictures corporate office (other than those who accepted a post-separation position with CBS Corporation or Viacom) and certain Former Viacom corporate office employees who will remain employed by CBS Corporation and provide transition services following the separation is shared equally by Viacom and CBS Corporation.

Effective as of the separation, employees of Viacom, other than overlapping employees, do not participate in Former Viacom's employee benefit plans and Viacom established its own employee benefit plans that are substantially similar to the plans sponsored by Former Viacom prior to the separation. The Separation Agreement provided for the transfer of assets and liabilities, as applicable, relating to the pre-separation participation of Viacom employees and certain former Former Viacom employees (as set forth in the Separation Agreement) in various Former Viacom retirement, welfare, incentive compensation and employee benefit plans from such plans to the applicable new plans established by Viacom.

Limitations on Certain Acquisitions—Subject to limited exceptions, the Separation Agreement provides that none of Viacom, any subsidiary of Viacom or any person that is controlled by Viacom after the separation will own or acquire an interest in a radio or television broadcast station, television broadcast network or daily newspaper, if such ownership or acquisition would (i) cause CBS Corporation, any subsidiary of CBS Corporation or any entity controlled by CBS Corporation after the date of the separation to be in violation of U.S. federal laws limiting the ownership or control of radio broadcast

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stations, television broadcast stations, television broadcast networks or (ii) limit in any manner at any time under such laws CBS Corporation's ability to acquire additional interests in a radio or television broadcast station and/or television broadcast network. These restrictions will terminate when none of Mr. Redstone, NAI, NAIRI or any of their successors, assigns or transferees are deemed to have interests in both CBS Corporation and Viacom that are attributable under applicable U.S. federal laws.

The Separation Agreement also provides that neither Viacom, any subsidiary of Viacom or any person controlled by Viacom nor CBS Corporation, any subsidiary of CBS Corporation or any person controlled by CBS Corporation will acquire any asset, enter into any agreement or accept or agree to any condition that purports to bind, or subjects to a legal order, the other company, its subsidiaries or any person it controls without such other party's written consent.

In addition, neither Viacom, any subsidiary of Viacom or any person controlled by Viacom nor CBS Corporation, or subsidiary of CBS Corporation or any person controlled by CBS Corporation will own or acquire an interest in a cable television operator if such ownership would subject the other company to any U.S. federal laws regulating contractual relationships between video programming vendors and video programming distributors to which it is not then subject. These restrictions will terminate for each company on the earliest of (1) the fourth anniversary of the separation, (2) the date on which none of Mr. Redstone, NAI, NAIRI or any of their successors, assigns or transferees are deemed to have interests in both CBS Corporation and Viacom that are attributable under applicable U.S. federal laws and (3) the date on which the other company ceases to own the video programming vendors that it owns as of the separation.

Dispute Resolution—The Separation Agreement provides that each company will use commercially reasonable efforts to resolve expeditiously any disputes between the parties on a mutually acceptable negotiated basis, which may include the escalation of any dispute to senior management of each company or, in certain cases, the appropriate strategic business unit or division at either company. If the companies are unable to resolve disputes in this manner, they will be referred to a committee consisting of one non-overlapping director from each company and, if still not resolved, such disputes will be resolved through arbitration.

Tax Matters Agreement

The following description of the principal provisions of the Tax Matters Agreement between Former Viacom and us is qualified by reference to the text of the Tax Matters Agreement, a form of which was filed as an exhibit to this annual report.

The Tax Matters Agreement sets forth Viacom's responsibilities with respect to, among other things, liabilities for federal, state, local and foreign income taxes for periods before and including the merger, the preparation and filing of income tax returns for such periods, disputes with taxing authorities regarding income taxes for such periods and indemnification for income taxes that would become due if the merger were taxable. Viacom will generally be responsible for federal, state and local, and foreign income taxes for periods before the merger relating to Viacom's respective businesses. Income tax liabilities relating to discontinued operations and previously disposed businesses have been allocated in accordance with the principles applicable under the Separation Agreement for liabilities relating to those operations and businesses. Other income tax liabilities, including items that do not specifically relate to either business, will be shared equally. Viacom and CBS Corporation will generally be jointly responsible for managing any dispute relating to income taxes for which both parties may be responsible. The Tax Matters Agreement also provides that, depending on the event, Viacom may have to indemnify CBS Corporation, or CBS Corporation may have to indemnify Viacom, for some or all of the taxes resulting from the transactions related to the merger and the distribution of Viacom common stock if the merger and distribution do not qualify as tax-free under Sections 355 and 368 of the Code.

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Transition Services Agreement

Viacom and CBS Corporation entered into a Transition Services Agreement pursuant to which Viacom and CBS Corporation will provide certain specified services to each other on an interim basis following the separation, including the following services: general information systems and technology services, benefits and human resource information systems, uplinking facilities, payroll services, domain name administration, web hosting services and other limited services consistent with past practices for terms ranging from six months to three years.

In connection with the Transition Services Agreement, the Company will provide CBS Corporation and CBS Corporation will provide the Company with various support services for certain of their respective businesses including data center, payroll and uplink services for various periods subsequent to the date of separation. No amounts have been reflected in the accompanying Consolidated Income Statements as the separation occurred on December 31, 2005.

Transactions Among Companies Owned by or Affiliated with NAI

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios including Paramount Pictures. During the year ended December 31, 2005 and for the years ended December 31, 2004 and 2003, NAI made payments to Paramount Pictures in the aggregate amounts of approximately \$14.6 million, \$11.2 million and \$9.6 million, respectively.

NAI and Mr. Redstone owned in the aggregate approximately 88% of the common stock of Midway Games Inc. ("Midway") as of March 9, 2006. Midway places advertisements on several of Viacom's cable networks from time to time. During the years ended December 31, 2005, 2004 and 2003, transactions with Midway totaled approximately \$5.9 million, \$5.5 million and \$1.4 million, respectively. We believe that these transactions were no more or less favorable to us than would have obtained from unrelated parties. We may continue to enter into similar business transactions with Midway in the future.

On December 21, 2005, Viacom entered into an agreement with NAI and NAIRI (the "NAIRI Agreement") pursuant to which Viacom agreed to buy, and NAI and NAIRI agreed to sell, a number of shares of Viacom Class B common stock each month such that the ownership percentage of Viacom Class A common stock and Viacom Class B common stock (considered as a single class) held by NAI and/or NAIRI would not increase as a result of purchases by Viacom of shares of Viacom common stock under Viacom's \$3.0 billion stock purchase program which was approved, along with the NAIRI Agreement, by the Former Viacom Board on December 8, 2005 and ratified by our Board on January 26, 2006. As of March 10, 2006, 2.0 million shares had been purchased under the NAIRI Agreement for an aggregate purchase price of \$83.8 million.

In September 2005, Cinemas International Corporation N.V., a joint venture between Former Viacom and Vivendi Universal, agreed to sell its Brazilian movie operations to NAI for approximately \$27.5 million in a transaction that closed in October 2005. The sale was discussed with multiple potential purchasers and negotiated on terms we believe are no more or less favorable than those that might have been negotiated with an unaffiliated party.

In the normal course of business, we are involved in other related party transactions that have not been material in any of the periods presented.

**Management's Discussion and Analysis of
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Critical Accounting Policies

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

The preparation of our financial statements in conformity with accounting principles generally accepted 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 revenue and expenses during the reporting period. On an ongoing basis, we evaluate our 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.

- **Motion Picture Accounting**—Feature film exploitation revenues and related expenses are recognized in accordance with Statement of Position 00-2 "Accounting by Producers or Distributors of Films," which we refer to herein as "SOP 00-2." Revenues from theatrical distribution of motion pictures are recognized when motion pictures are exhibited. Revenues from home entertainment product sales, net of anticipated returns, are recognized upon shipment to our customers. Revenues from the licensing of feature films and television programming for exhibition in television markets are recognized upon or availability of the material for telecasting by the licensee and when certain other conditions are met.
- **Sales Returns and Uncollectible Accounts**—At the time of sale of home entertainment product and consumer products, we record as a reduction of revenue the estimated impact of returns, rebates and other incentives. In determining the estimate of product sales that will be returned, management analyzes historical returns, current economics trends and changes in customer demand and acceptance of our product. Based on management's analysis of sales returns and allowances reserves totaling \$401 million and \$275 million have been established at December 31, 2005 and 2004, respectively.

Management also continually evaluates accounts receivable and makes judgments as to their ultimate collectibility. Judgments and estimates are involved, including an analysis of specific risks on a customer-by-customer basis for larger accounts, and an analysis of receivables aging that determines the percentage that has historically been uncollected by aged category. Using this information management reserves an amount that is estimated to be uncollectible. Based on management's analysis of uncollectible accounts, reserves totaling \$138.6 million and \$124.1 million have been established at December 31, 2005 and 2004, respectively.

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- **Multiple-Element Transactions**—Multiple element transactions involve situations where judgment must be exercised in determining the fair value of the different elements in a bundled transaction. Multiple element transactions can involve:

Contemporaneous purchases and sales. We sell a product, for example the sale of advertising time, to a customer and at the same time purchase goods or services from that customer. We account for each transaction negotiated contemporaneously based on the respective fair values of the goods or services purchased and the goods sold. In determining the fair value of the respective elements we refer to quoted market prices, historical transactions or comparable cash transactions. In addition, evidence of fair value for one element of a transaction may provide support for the fair value of the other element of a transaction.

Sales of multiple products or services. We sell multiple products to a counterparty, for example we enter into an affiliation agreement with a cable system operator for the carriage of several of our cable networks. If we have objective fair value evidence for each deliverable in the transaction then we account for each deliverable separately, based on the relevant revenue recognition policies.

Purchases of multiple products or services, or the settlement of an outstanding item contemporaneous with the purchase of a product or service. We purchase multiple products or services from a counterparty; for example one of our cable networks licenses a package of programming from a counterparty to air over a period of time. If we have objective fair value evidence for each product or service being purchased then we account for each item separately, based on the relevant cost recognition policies.

- **Gross Versus Net Revenue Recognition**—In the normal course of business we act as or use an agent in the distribution activities of feature film and DVD exploitation. To the extent revenues are recorded on a gross basis, any commissions or other payments to third parties are recorded as expenses so that the net amount, gross revenues less distribution expenses, is reflected in Operating Income.

To the extent we are acting as a principal in a transaction, we report revenue on a gross basis. To the extent we are acting as an agent in a transaction, we report revenue on a net basis. In determining whether we are acting as principal or agent in a transaction we exercise judgment and base our evaluation pursuant to EITF 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent".

- **Program Rights**—The Company acquires rights to programming and produces programming to exhibit on its cable networks. 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 costs are recorded when the license period has begun, and when the program is accepted and available for airing.
- **Pension**—Pension benefit obligations and net periodic pension costs are calculated using many actuarial assumptions. Two key assumptions used in accounting for pension liabilities and expenses are the discount rate and expected rate of return on plan assets. The discount rate reflects the rate at which the pension benefit obligations could effectively be settled. The Company used investment grade corporate bond yields to support its discount rate assumption. The expected return on plan assets assumption was derived using the current and expected asset allocation as well as expected returns on various classes of the pension plan assets. For 2005, the

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unrecognized actuarial loss for pension increased principally as a result of increasing the rate of compensation increase for the Company's major plans from 3.5% in 2004 to 4.0% in 2005 causing higher expected payouts in future periods. A decrease in the discount rate or a decrease in the expected rate of return on plan assets would increase pension expense. The estimated impact of a 25 basis point change in the discount rate would be a change of approximately \$4.1 million on 2005 pension expense and would change the projected benefit obligation by approximately \$22.2 million. The estimated impact of a 25 basis point change in the expected rate of return on plan assets is a change of approximately \$5.5 million.

- **Taxes**—We estimate the effective tax rates and associated liabilities or assets for each legal entity in accordance with SFAS 109, "Accounting for Income Taxes". Our annual tax rate is based on our taxable earnings, statutory U.S. federal, state, and foreign tax rates as well as tax planning strategies implemented by us in the various jurisdictions in which we operate. Significant judgment is required in determining the annual tax rate and in evaluating our tax positions. An estimated effective tax rate for a year is applied to quarterly operating results. In the event there is a significant or unusual item recognized in the quarterly operating results, the tax attributable to that item is separately calculated and recorded at the same time as that item. We consider tax benefits from the resolution of prior year tax matters to be such items. Deferred income taxes and the significant items giving rise to the deferred assets and liabilities reflect management's assessment of actual future taxes to be paid on items reflected in the financial statements, giving consideration to both timing and the probability of realization. Actual income taxes could vary from these estimates due to future changes in income tax law. We also establish reserves when we believe that certain positions, while supportable, are probable to be challenged by the tax authorities. These reserves, along with any related interest, are adjusted, when facts and circumstances change, such as the progress of a tax audit.
- **Goodwill, Intangible Assets, Long-Lived Assets and Investments**—We test goodwill and other intangible assets for impairment at least annually to ensure the fair value of our reporting units continue to exceed the related book value in accordance with SFAS 142. A reporting unit can be a reportable segment or a level below the reportable segment. A significant downward revision in the present value of estimated future cash flows for a reporting unit could result in an impairment of goodwill and a non-cash charge would be required.

In accordance with SFAS 144, we record impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired, the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets and the net book value of the assets exceeds their estimated fair value. In making these determinations, we use certain assumptions, including, but not limited to: (i) estimated fair value of the assets; and (ii) estimated future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization, length of service and estimated salvage values.

The determination of the cash flows in testing goodwill, intangibles and long-lived assets is based upon assumptions and forecasts that may not be representative of actual future performance. We did not record any impairment charges for continuing operations during the years presented.

Recent Pronouncements

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154 "Accounting Changes and Error Corrections," which we refer to herein as "SFAS 154," a replacement of APB

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Opinion No. 20, "Accounting Changes," and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements," which is effective for fiscal years beginning after December 15, 2005. SFAS 154 changes the requirements for the accounting for and reporting of a voluntary change in accounting principle as well as the changes required by an accounting pronouncement which does not include specific transition provisions. Viacom does not expect the implementation of SFAS 154 to have a significant impact on our consolidated financial position, results of operations or cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation," which we refer to herein as "SFAS 123," (revised 2004) "Share-Based Payment," which we refer to herein as "SFAS 123R." SFAS 123R revises SFAS 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," which we refer to herein as "APB 25." SFAS 123R requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on grant-date fair value of the award. That cost will be recognized over the vesting period during which an employee is required to provide service in exchange for the award. On April 14, 2005, the SEC issued a ruling that amended the effective date for SFAS 123R. As a result, we adopted SFAS 123R effective January 1, 2006.

The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation of all new or modified grants after the date of adoption. In addition, the Company will recognize the unvested portion of the grant date fair value of awards issued prior to the adoption based on the fair values previously calculated for disclosure purposes. At December 31, 2005, the aggregate value of unvested options as determined using a Black-Scholes option valuation model, was \$64.4 million. Upon adoption of SFAS 123R, the majority of this amount will be recognized over the remaining vesting period of these options.

2005 Pro Forma Financial Information

In order to provide readers with a more meaningful basis of comparison of our 2005 results with results in future periods, information relating to revenues, pro forma operating income, pro forma net earnings from continuing operations and net earnings from continuing operations per share has been provided in the following table. There are no pro forma adjustments to revenues. This pro forma financial information is presented as if the separation had occurred at the beginning of 2005. Management believes the assumptions and allocations are reasonable. However, the pro forma results do not necessarily represent what the actual results would have been had Viacom been a stand alone public company; nor are they necessarily indicative of future results.

**Management's Discussion and Analysis of
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(tabular dollars in millions, except per share amounts)**

The following supplemental financial data presented for the year ended December 31, 2005, are intended to facilitate analysis of our business and operating performance.

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2005
(In millions, except per share amounts)**

	Historical	Pro Forma Adjustments	Pro Forma
Revenues	\$ 9,609.6	\$ —	\$ 9,609.6
Expenses:			
Operating	4,737.4	—	4,737.4
Selling, general and administrative ⁽¹⁾⁽²⁾	2,246.8	(151.9)	2,094.9
Depreciation and amortization ⁽²⁾	259.0	20.9	279.9
Total expenses	7,243.2	(131.0)	7,112.2
Operating income	2,366.4	131.0	2,497.4
Interest expense ⁽³⁾	(23.0)	(215.4)	(238.4)
Interest income	3.9	—	3.9
Other items, net	(29.0)	—	(29.0)
Earnings from continuing operations before income taxes, equity in earnings of affiliated companies and minority interest	2,318.3	(84.4)	2,233.9
Provision for income taxes ⁽⁴⁾	(1,020.0)	69.8	(950.2)
Equity in earnings of affiliated companies, net of tax	9.4	—	9.4
Minority interest, net of tax	(3.8)	—	(3.8)
Net earnings from continuing operations	1,303.9	(14.6)	1,289.3
Net earnings from continuing operations per common share⁽⁵⁾:			
Basic	\$ 1.73	—	\$ 1.72
Diluted	\$ 1.73	—	\$ 1.71
Weighted average number of common shares outstanding:			
Basic	751.6	—	751.6
Diluted	751.6	1.1	752.7

(1) Pro forma adjustment eliminates the impact of separation-related costs of \$163.5 million.

(2) Pro forma adjustments of \$32.5 million (including \$11.6 million adjustment to selling, general and administrative and \$20.9 million adjustment to depreciation and amortization) necessary to increase Paramount and Corporate overhead expenses to reflect our cost base as a stand alone public company.

(3) Pro forma adjustment to interest expense as if \$5.4 billion of debt was outstanding as of January 1, 2005, calculated based on actual interest rates in effect throughout 2005.

(4) Pro forma adjustment to the provision for income taxes calculated using blended statutory rates in effect for 2005.

(5) Basic Earnings per Share ("EPS") is computed by dividing net earnings by the number of shares of common stock issued and outstanding at the date of the separation as if such shares were outstanding for the full year. Diluted EPS is computed by dividing net earnings by the number of shares issued and outstanding at the date of separation adjusted to give effect to all potentially dilutive common shares weighted for the full year-ended December 31, 2005.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

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

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

Management has prepared and is responsible for our consolidated financial statements and related notes. They have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on judgments and estimates by management. Our consolidated financial statements have been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm ("independent auditor"), who have expressed their opinion with respect to the presentation of these statements.

We became a new registrant on November 28, 2005 and our separation from the Former Viacom was effective on December 31, 2005. As a result, for 2005 we were not subject to the requirements of Section 404 of the Sarbanes-Oxley Act relating to internal controls. Former Viacom, which included the business segments we acquired from them, was nonetheless subject to these requirements in 2005. As a result of the separation, modifications to internal controls have occurred and will continue to occur as we evaluate the optimal design of our internal controls as a separate public company.

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

VIACOM INC.

By: /s/ THOMAS E. FRESTON

Thomas E. Freston
*President and
Chief Executive Officer*

By: /s/ MICHAEL J. DOLAN

Michael J. Dolan
*Executive Vice President and
Chief Financial Officer*

By: /s/ JACQUES TORTOROLI

Jacques Tortoroli
*Senior Vice President,
Controller and
Chief Accounting Officer*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Viacom Inc.:

In our opinion, the accompanying consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Viacom Inc. and its subsidiaries (the "Company") at December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
March 16, 2006

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

	2005	Year Ended December 31, 2004	2003
Revenues	\$ 9,609.6	\$ 8,132.2	\$ 7,304.4
Expenses:			
Operating	4,737.4	3,908.0	3,672.6
Selling, general and administrative	2,246.8	1,689.8	1,432.1
Depreciation and amortization	259.0	251.6	197.9
Total expenses	7,243.2	5,849.4	5,302.6
Operating income	2,366.4	2,282.8	2,001.8
Interest expense	(23.0)	(24.2)	(23.2)
Interest income	3.9	3.3	2.2
Other items, net	(29.0)	(17.7)	(24.6)
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	2,318.3	2,244.2	1,956.2
Provision for income taxes	(1,020.0)	(808.2)	(787.6)
Equity in earnings (loss) of affiliated companies, net of tax	9.4	(40.0)	(18.2)
Minority interest, net of tax	(3.8)	(3.1)	(3.0)
Net earnings from continuing operations	1,303.9	1,392.9	1,147.4
Discontinued operations:			
Loss from discontinued operations, net of minority interest	(99.6)	(1,196.5)	(719.4)
Income tax benefit (provision)	52.6	97.3	(83.4)
Net loss from discontinued operations	(47.0)	(1,099.2)	(802.8)
Net earnings before cumulative effect of accounting change	1,256.9	293.7	344.6
Cumulative effect of accounting change, net of taxes	—	—	(6.1)
Net earnings	\$ 1,256.9	\$ 293.7	\$ 338.5
Basic earnings (loss) per common share:			
Net earnings from continuing operations	\$ 1.73	\$ 1.85	\$ 1.53
Net loss from discontinued operations	\$ (.06)	\$ (1.46)	\$ (1.07)
Net earnings before cumulative effect of accounting change	\$ 1.67	\$.39	\$.46
Cumulative effect of accounting change	\$ —	\$ —	\$ (.01)
Net earnings	\$ 1.67	\$.39	\$.45
Diluted earnings (loss) per common share:			
Net earnings from continuing operations	\$ 1.73	\$ 1.85	\$ 1.53
Net loss from discontinued operations	\$ (.06)	\$ (1.46)	\$ (1.07)
Net earnings before cumulative effect of accounting change	\$ 1.67	\$.39	\$.46
Cumulative effect of accounting change	\$ —	\$ —	\$ (.01)
Net earnings	\$ 1.67	\$.39	\$.45
Weighted average number of common shares outstanding:			
Basic	751.6	751.6	751.6
Diluted	751.6	751.6	751.6

See notes to consolidated financial statements.



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

	At December 31,	
	2005	2004
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 361.1	\$ 148.9
Receivables, less allowances of \$138.6 (2005) and \$124.1 (2004)	1,981.7	1,828.8
Inventory	506.6	396.6
Deferred tax assets, net	132.0	13.5
Prepaid expenses	150.3	99.7
Other current assets	381.1	124.2
Current assets of discontinued operations	—	14.6
Total current assets	3,512.8	2,626.3
Property and Equipment:		
Land	239.5	239.5
Buildings	201.0	220.8
Capital leases	523.0	498.7
Equipment and other	1,354.7	1,303.0
Less accumulated depreciation and amortization	2,318.2	2,262.0
	1,138.3	1,157.1
Net property and equipment	1,179.9	1,104.9
Inventory	2,973.2	2,740.4
Goodwill	10,361.4	10,266.9
Intangibles	370.8	250.2
Deferred tax assets, net	—	435.1
Other assets	717.5	691.3
Other assets of discontinued operations	—	325.7
Total Assets	\$ 19,115.6	\$ 18,440.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 394.0	\$ 196.2
Accrued expenses	920.6	656.6
Accrued compensation	281.0	296.9
Participants' share, residuals and royalties payable	673.0	626.4
Program rights	321.2	295.4
Deferred income	284.5	272.6
Current portion of capital leases	55.8	53.4
Other current liabilities	338.5	325.2
Current liabilities of discontinued operations	—	62.9
Total current liabilities	3,268.6	2,785.6
Long-term debt	5,405.0	—
Long-term capital leases	297.1	291.7
Deferred tax liabilities, net	41.2	—
Participants' share, residuals and royalties payable	471.7	405.1
Program rights	459.8	530.8
Other liabilities	1,381.9	904.5
Other liabilities of discontinued operations	—	46.5
Commitments and contingencies (Note 15)	—	—
Minority interest	2.4	11.3
Minority interest of discontinued operations	—	.1
Stockholders' Equity:		
Class A common stock, par value \$.001 per share; 375.0 shares authorized; 65.7 (2005) shares issued	.1	—
Class B common stock, par value \$.001 per share; 5,000.0 shares authorized; 685.9 (2005) shares issued	.7	—
Additional paid-in capital	7,837.3	—
Invested capital	—	13,465.2
Accumulated other comprehensive income (loss)	(50.2)	9.3
Accumulated other comprehensive income (loss) from discontinued operations	—	(9.3)
Total Stockholders' Equity	7,787.9	13,465.2
Total Liabilities and Stockholders' Equity	\$ 19,115.6	\$ 18,440.8

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	2005	Year Ended December 31, 2004	2003
Operating Activities:			
Net earnings	\$ 1,256.9	\$ 293.7	\$ 338.5
Plus: Net loss from discontinued operations	47.0	1,099.2	802.8
Plus: Cumulative effect of accounting change, net of minority interest and tax	—	—	6.1
Net earnings from continuing operations	1,303.9	1,392.9	1,147.4
Adjustments to reconcile net earnings from continuing operations to net cash flow from operating activities:			
Provision for deferred taxes	20.1	10.8	42.5
Depreciation and amortization	259.0	251.6	197.9
Equity in (earnings) loss of affiliated companies, net of tax	(9.4)	40.0	18.2
Distributions from affiliated companies	44.5	16.3	36.0
Minority interest, net of tax	3.8	3.1	3.0
Change in operating assets and liabilities:			
Increase in receivables	(98.4)	(76.3)	(533.7)
(Increase) decrease in inventory and related program and participation liabilities, net	(184.9)	(117.6)	223.3
(Increase) decrease in other assets	(109.7)	(13.0)	6.0
Increase in accounts payable and accrued expenses	405.1	221.1	65.5
(Decrease) increase in deferred income	(5.3)	(33.2)	46.7
Other, net	18.3	28.0	20.6
Net cash flow (used for) provided by operating activities attributable to discontinued operations	(19.6)	266.2	637.6
Net cash flow provided by operating activities	1,627.4	1,989.9	1,911.0
Investing Activities:			
Acquisitions, net of cash acquired	(356.1)	(363.7)	(1,284.0)
Capital expenditures	(193.0)	(140.5)	(114.3)
Investments in and advances to affiliated companies	(8.8)	(74.3)	(23.2)
Proceeds from dispositions	404.2	—	—
Special distribution received from Blockbuster	—	738.1	—
Other, net	(5.7)	(14.9)	15.2
Net cash flow used for investing activities attributable to discontinued operations	(5.7)	(433.3)	(188.3)
Net cash flow used for investing activities	(165.1)	(288.6)	(1,594.6)
Financing Activities:			
Borrowings from banks, net of deferred financing costs	5,401.5	—	—
Special dividend to Former Viacom	(5,400.0)	—	—
Net contribution from/to Former Viacom	(1,182.9)	(1,734.0)	189.1
Payment of capital lease obligations	(61.1)	(52.1)	(41.5)
Other, net	(8.4)	(7.9)	(6.0)
Net cash flow used for financing activities attributable to discontinued operations	(0.3)	(50.4)	(361.9)
Net cash flow used for financing activities	(1,251.2)	(1,844.4)	(220.3)
Net increase (decrease) in cash and cash equivalents	211.1	(143.1)	96.1
Cash and cash equivalents at beginning of year (includes \$1.1 (2005), \$234.8 (2004) and \$153.4 (2003) of discontinued operations cash)	150.0	293.1	197.0
Cash and cash equivalents at end of year (includes \$0 (2005), \$1.1 (2004) and \$234.8 (2003) of discontinued operations cash)	\$ 361.1	\$ 150.0	\$ 293.1

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In millions)

	Year Ended December 31,		
	2005	2004	2003
Class A common stock:			
Balance, beginning of year	—	—	—
Issuance of 65.7 million as a result of separation from Former Viacom	.1	—	—
Balance, end of year	.1	—	—
Class B common stock:			
Balance, beginning of year	—	—	—
Issuance of 685.9 million as a result of separation from Former Viacom	.7	—	—
Balance, end of year	.7	—	—
Additional Paid-In Capital:			
Balance, beginning of year	—	—	—
Capitalization as a result of separation from Former Viacom	7,837.3	—	—
Balance, end of year	\$ 7,837.3	\$ —	\$ —
Invested Capital:			
Balance, beginning of year	\$ 13,465.2	\$ 15,844.2	\$ 15,394.3
Acquisitions	356.1	363.7	1,284.0
Disposals	(391.1)	(963.0)	—
Special dividend to Former Viacom	(5,400.0)	—	—
Net earnings	1,256.9	293.7	338.5
Net contribution to CBS Corporation	(1,449.0)	(2,073.4)	(1,172.6)
Capitalization as a result of separation from Former Viacom	(7,838.1)	—	—
Balance, end of year	\$ —	\$ 13,465.2	\$ 15,844.2
Accumulated Other Comprehensive Income (Loss) from Continuing Operations:			
Balance, beginning of year	9.3	19.7	(32.2)
Other comprehensive income (loss)	(59.5)	(10.4)	51.9
Balance, end of year	\$ (50.2)	\$ 9.3	\$ 19.7
Accumulated Other Comprehensive Loss from Discontinued Operations:			
Balance, beginning of year	(9.3)	(48.2)	(113.5)
Other comprehensive income from discontinued operations	9.3	38.9	65.3
Balance, end of year	—	(9.3)	(48.2)
Total	\$ 7,787.9	\$ 13,465.2	\$ 15,815.7

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)

	Year Ended December 31,		
	2005	2004	2003
Comprehensive Income:			
Net earnings	\$ 1,256.9	\$ 293.7	\$ 338.5
Other Comprehensive Income (Loss) from continuing operations, net of tax:			
Minimum pension liability adjustment	(9.4)	(10.9)	5.9
Cumulative translation adjustments	(47.2)	(2.9)	42.3
Change in fair value of cash flow hedges	(2.7)	2.9	3.2
Unrealized gain (loss) on securities	(.2)	.8	.5
Reclassification adjustment for net realized gains	—	(.3)	—
Total Other Comprehensive Income (Loss) from continuing operations, net of tax	(59.5)	(10.4)	51.9
Other Comprehensive Loss from discontinued operations, net of tax and minority interest	9.3	38.9	65.3
Total Other Comprehensive Income (Loss), net of tax	(50.2)	28.5	117.2
Total Comprehensive Income	\$ 1,206.7	\$ 322.2	\$ 455.7

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

1) DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

The Separation

On December 31, 2005, Viacom Inc. ("Viacom" or the "Company") became a stand-alone public company in connection with Viacom's separation from the former Viacom Inc. (the "Former Viacom"). Prior to the separation, the Company was a wholly-owned subsidiary of Former Viacom known as "New Viacom Corp." and acquired all of the its initial businesses from the Former Viacom. Such businesses include MTV Networks ("MTVN") (including, among other networks, MTV Music Television, MTV 2, VH1, Nickelodeon, Nick at Nite, Comedy Central, CMT: Country Music Television, Spike TV and TV Land), BET, Paramount Pictures, Paramount Home Entertainment and Famous Music. The separation was effected through a merger, pursuant to which Viacom Merger Sub Inc. was merged with Former Viacom, with Former Viacom continuing as the surviving entity and being renamed CBS Corporation, and New Viacom Corp. being renamed Viacom Inc.

On December 31, 2005, in connection with the merger and the separation, each share of Former Viacom Class A common stock was converted into the right to receive 0.5 of a share of Viacom Class A common stock and 0.5 of a share of CBS Corporation Class A common stock. Similarly, each share of Former Viacom Class B common stock was converted into the right to receive 0.5 of a share of Viacom Class B common stock and 0.5 of a share of CBS Corporation class B common stock. Holders of Viacom Class A and B common stock received cash in lieu of fractional shares.

In accordance with the terms of the Separation Agreement, on December 29, 2005 the Company paid a preliminary special dividend to the Former Viacom of \$5.4 billion. The dividend reduced the Company's Stockholders' Equity in the accompanying Consolidated Balance Sheet as of December 31, 2005 and was funded by borrowings under the Company's term loan facility, which is more fully described in Note 10. Pursuant to the provisions of the Separation Agreement, the preliminary special dividend is subject to adjustments for, among other items, actual Former Viacom debt as of the date of the separation and actual CBS Corporation cash flow for the full year 2005, compared to estimates used to calculate the preliminary dividend paid on December 29, 2005. On March 14, 2006, the Company received from CBS Corporation an initial statement that the dividend should be increased by a net amount of approximately \$460 million. Viacom has begun its assessment of the amount and underlying components of the proposed increase. Pursuant to the Separation Agreement, the parties have up to 65 days to settle on the adjustment before any disputed amounts would become subject to a dispute resolution process. Any additional amount due will be reflected as a direct charge to Stockholders' Equity in the period in which the adjustment amount is determined.

The Separation Agreement further provided that the Company is responsible for the first \$195.0 million in costs directly related to the separation. Amounts incurred in excess of \$195.0 million will be funded equally between the Company and CBS Corporation. Included as a component in selling, general and administrative expenses in the Company's Consolidated Income Statement for the year ended December 31, 2005 is \$163.5 million of transaction costs reflected as period expenses. Such amounts principally included investment banking and other professional fees.

Also, in connection with the separation, Viacom and CBS Corporation entered into certain agreements in order to govern certain of the ongoing relationships between Viacom and CBS Corporation after the separation. These agreements include a Transition Services Agreement and a Tax Matters Agreement. Related party arrangements are more fully described in Notes 3 and 10.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

Basis of Presentation

The accompanying consolidated financial statements of the Company are presented on a carve-out basis and reflect the consolidated historical results of operations, financial position and cash flows of the Company, with operations in two segments: (i) Cable Networks and (ii) Entertainment.

The assets and liabilities of Viacom have been accounted for at the historical book values carried by Former Viacom prior to the separation and were assigned to Viacom pursuant to the terms of the Separation Agreement. The indebtedness of Former Viacom, other than certain capital lease obligations, was not transferred to Viacom as it remains the indebtedness of CBS Corporation. Prior to the separation, Former Viacom centrally managed the cash flows generated from the Company's various businesses. The Invested Capital balance included as a component of Stockholders' Equity in the Company's Consolidated Balance Sheet through the date of separation includes accumulated earnings of the Company as well as receivables/payables due to/from CBS Corporation resulting from cash transfers and intercompany activity. Interest was not charged or credited on amounts due to/from Viacom.

The Consolidated Income Statements include allocations of Former Viacom corporate expenses and Paramount Pictures corporate overhead including accounting, treasury, tax, legal, human resources, information systems and other services as well as depreciation and amortization on allocated costs, to reflect the utilization of such shared services and assets by the Company. Total corporate costs allocated to the Company, excluding separations costs, were approximately \$162.0 million, \$136.2 million, and \$112.6 million for the years ended December 31, 2005, 2004 and 2003, respectively, and were primarily included in Selling, General and Administrative expenses in the accompanying Consolidated Income Statements. Management believes the methodologies used to allocate charges for the services described above are reasonable.

The consolidated financial statements may not necessarily reflect Viacom's results of operations, financial position and cash flows in the future or what Viacom's results of operations, financial position and cash flows would have been had the Company been a separate, stand-alone company during the periods presented. As described above, none of the indebtedness of Former Viacom other than capital lease obligations was assigned to the Company as it remains the indebtedness of CBS Corporation. Accordingly, debt service cost is not reflected in the Company's Consolidated Income Statements.

Famous Players and Blockbuster Inc. have been reported as discontinued operations for all periods presented. Famous Players was sold on July 22, 2005 and Blockbuster was split-off from Former Viacom in 2004. (See Note 4).

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 amounts reported in the financial statements and accompanying notes, including estimates of ultimate revenues and costs of feature film product, sales returns, allowance for doubtful accounts, impairment testing of long-lived assets and for other reserves. 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 in which it holds more than 50% ownership in subsidiaries. Investments in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

affiliated companies over which the Company has a significant influence and ownership of more than 20% but less than or equal to 50% are accounted for under the equity method. Investments in which the Company's ownership interest is 20% or less over which the Company has no significant influence are accounted for under the cost method. All significant intercompany transactions have been eliminated. All related party transactions between the Company and CBS Corporation have not been eliminated in these consolidated financial statements (See Notes 1, 3 and 13).

The Company applies the guidelines set forth in Financial Accounting Standards Board ("FASB") Interpretation No. 46R, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46R") in assessing its interests in variable interest entities to determine whether to consolidate that entity. The application of FIN 46R has not had a material impact on the Company's financial statements.

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

The costs of theatrical development projects are amortized over a three year period unless they are abandoned earlier, in which case these projects are written down to their estimated net realizable value in the period the decision to abandon the project is determined.

The Company estimates that approximately 93% of unamortized costs of completed and released films at December 31, 2005 will be amortized within the next three years. Approximately \$381 million of unamortized costs for completed and released films, and completed but not released films are expected to be amortized during the next twelve months. As of December 31, 2005, unamortized acquired film libraries of approximately \$111 million remain to be amortized on a straight-line basis over an average remaining life of eight years.

Program Rights—The Company acquires rights to programming and produces programming to exhibit on its cable networks. 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 costs and obligations are recorded when the license period has begun, and when 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	20 to 40 years
Equipment and other (including capital leases)	3 to 15 years

Leasehold improvements are amortized using the straight-line method over the life of the asset, not to exceed the life of the lease.

Depreciation expense, including capitalized lease amortization, was \$188.0 million in 2005, \$190.9 million in 2004 and \$145.7 million in 2003. Amortization expense related to capital leases was

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

\$53.9 million in 2005, \$44.2 million in 2004 and \$28.1 million in 2003. Accumulated amortization of capital leases was \$188.4 million at December 31, 2005 and \$187.2 million at December 31, 2004.

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

Goodwill and Intangible Assets—The Company follows the guidance established by Statement of Financial Accounting Standards ("SFAS") 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). The Company's intangible assets are considered to have finite or indefinite lives and are allocated to various reporting units, which are generally consistent with or one level below the Company's reportable segments. Intangible assets with finite lives, which primarily consist of subscriber and music rights agreements, are generally amortized by the straight-line method over their estimated useful lives, which range from 5 to 40 years and are reviewed for impairment at least annually. Intangible assets with indefinite lives and goodwill are no longer amortized but are tested for impairment on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. If the carrying amount of goodwill or the intangible asset exceeds its fair value, an impairment loss is recognized as a non-cash charge.

Discontinued Operations—On June 13, 2005, Former Viacom announced that it reached an agreement to sell Famous Players, its Canadian-based theater chain. The transaction closed on July 22, 2005, with a sale price of approximately \$400.0 million. In 2004, Former Viacom completed the exchange offer for the split-off of Blockbuster Inc. and as a result, the consolidated financial statements of the Company present Blockbuster and Famous Players as discontinued operations for all periods presented, in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

Revenue Recognition—Advertising revenues are recognized in the period during which advertising spots are aired. Subscriber fees for Cable Networks are recognized in the period the service is provided. Cable launch incentive fees to affiliates are capitalized and amortized as a contra-revenue item. Revenue associated with audience deficiency units is deferred until the period in which make good units are aired.

In accordance with Statement of Position 00-2 "Accounting by Producers or Distributors of Films" ("SOP-002"), Entertainment revenues from theatrical distribution of motion pictures are recognized as motion pictures are exhibited. Revenues from DVD and videocassette sales of motion pictures are recognized upon shipment to customers. Revenues from video revenue sharing agreements are recognized as earned. Revenues from the licensing of motion pictures and other programming on domestic and international premium subscription program services, broadcast and basic cable networks, and individual television stations are recognized upon availability of the motion picture for telecast except for pay-per-view which is recognized upon purchase by the consumer. On average, the length of the initial revenue cycle for motion pictures approximates four to seven years. Revenues arising from television license agreements are recognized in the period that the motion picture or television series is available for telecast.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

Sales of Multiple Products or Services—The Company follows Emerging Issues Task Force No. 00-21, "Revenue Arrangements with Multiple Deliverables" for revenue recognition of revenues derived from a single contract that contains multiple products or services.

Advertising—Advertising costs are expensed as incurred. The Company incurred total advertising expenses of \$888.0 million in 2005, \$915.5 million in 2004 and \$912.5 million in 2003.

Sales Returns and Allowances—The Company records a provision for sales returns and allowances at the time of sale based upon an estimate of future returns of product by analyzing a combination of historical returns, current economic trends, projections of consumer demand for the product and point-of-sale data available from certain retailers. Based on this information, a percentage of each sale is reserved, provided that the customer has the right of return. Customers are currently given varying rights of return.

Provision for Doubtful Accounts—The provision for doubtful accounts charged to expense was \$28.5 million in 2005, \$30.1 million in 2004 and \$32.1 million in 2003.

Income Taxes—For federal income tax purposes, the Company files a consolidated income tax return with CBS Corporation. Pursuant to the Tax Matters Agreement with CBS Corporation, the Company determines its federal tax liability principally on a separate company basis and pays any liability to CBS Corporation. State tax returns are filed on an individual company basis except for certain states where they are filed on a combined basis with CBS Corporation. Pursuant to the Tax Matters Agreement, the Company determines its state tax liability for those combined states on a separate company basis and pays any liability to CBS Corporation.

The Company accounts for income taxes as required by Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes." Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Pension and Other Postretirement Benefits—The determination of the Company's obligation and expense for pension and postretirement benefits and transfer of plan assets to cover such obligations is based on assumptions which were actuarially determined. The Company believes such allocation methodologies are reasonable and consistent with the Separation Agreement.

Interest—Costs associated with any issuance of debt are expensed as interest over the term of the related debt.

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, are included as a separate component of stockholders' equity in accumulated other comprehensive income. Foreign currency transaction gains and losses have been included in "Other items, net" in the Consolidated Income Statements.

Net Earnings (Loss) per Common Share—Basic Earnings per Share ("EPS") are computed by dividing net earnings by the number of shares of common stock issued and outstanding at the date of the separation as if such shares were outstanding for the full year for all periods presented. Diluted

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

EPS for the year ended 2005 is computed by dividing net earnings by the number of shares issued and outstanding at the date of the separation through the end of the year adjusted to give effect to all potentially dilutive common shares weighted from the date of the separation. Diluted EPS for the years prior to 2005 is equal to basic earnings per share as no dilutive securities were outstanding for those periods.

Comprehensive Income (Loss)—As of December 31, 2005, minimum pension liability adjustment is net of a tax benefit of \$15.0 million.

	Minimum Pension Liability Adjustment	Cumulative Translation Adjustments	Change in Fair Value of Cash Flow Hedges	Unrealized Gain (Loss) on Securities	Other Comprehensive Income (loss) from Discontinued Operations	Accumulated Other Comprehensive Loss
At December 31, 2002	\$ (8.8)	\$ (19.1)	\$ (3.5)	\$ (.8)	\$ (113.5)	\$ (145.7)
2003 Activity	5.9	42.3	3.2	.5	65.3	117.2
At December 31, 2003	(2.9)	23.2	(.3)	(.3)	(48.2)	(28.5)
2004 Activity	(10.9)	(2.9)	2.9	.5	38.9	28.5
At December 31, 2004	(13.8)	20.3	2.6	.2	(9.3)	—
2005 Activity	(9.4)	(47.2)	(2.7)	(.2)	9.3	(50.2)
At December 31, 2005	\$ (23.2)	\$ (26.9)	\$ (.1)	\$ —	\$ —	\$ (50.2)

Stock-based Compensation—The Company follows the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). The Company applies APB Opinion No. 25 "Accounting for Stock Issued to Employees" and does not recognize compensation expense for the stock option grants because options are not issued at exercise prices below market value at date of grant. Employees were granted options to purchase shares of the Former Viacom's Class B common stock under the Former Viacom's Long-Term Management Incentive Plan (See Note 12).

On March 8, 2005, the Compensation Committee of the board of directors of the Former Viacom approved the acceleration of the vesting of unvested stock options having an exercise price of \$38.00 or greater (on a pre-conversion basis) granted under the Former Viacom's 2000 and 1997 Long-Term Management Incentive Plans. Stock option awards granted to employees of the Company from 1999 through 2004 with respect to approximately 12 million shares of Former Viacom's class B common stock were subject to this acceleration which was effective as of March 8, 2005. Since these options had exercises prices in excess of the current market values and were not fully achieving their original objectives of incentive compensation and employee retention, the Former Viacom expected the acceleration to have a positive effect on employee morale, retention and perception of option value. As the exercise prices of the option grants were in excess of the Company's common stock price at the time of the acceleration of the vesting, no compensation expense was required to be recognized. The acceleration also eliminated future compensation expense the Company would otherwise recognize in its Consolidated Statement of Operations under SFAS No. 123 (revised 2004) "Share-Based Payment" ("SFAS 123R"). Incremental expense of \$105.9 million associated with the acceleration was recorded in the 2005 option expense pro forma disclosure which follows.

The following table reflects the effect on net earnings from continuing operations if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

These pro forma effects may not be representative of future stock compensation expense since the estimated fair value of stock options on the date of grant is amortized to expense over the vesting period and the vesting of certain options was accelerated on March 8, 2005. See Note 12 for detailed assumptions.

Year Ended December 31,	2005	2004	2003
Net earnings from continuing operations	\$ 1,303.9	\$ 1,392.9	\$ 1,147.4
Option expense, net of tax	(140.3)	(119.5)	(87.8)
Net earnings from continuing operations after option expense	\$ 1,163.6	\$ 1,273.4	\$ 1,059.6
Basic earnings (loss) per common share:			
Net earnings from continuing operations	\$ 1.73	\$ 1.85	\$ 1.53
Net earnings from continuing operations after option expense	\$ 1.55	\$ 1.69	\$ 1.41
Diluted earnings (loss) per common share:			
Net earnings from continuing operations	\$ 1.73	\$ 1.85	\$ 1.53
Net earnings from continuing operations after option expense	\$ 1.55	\$ 1.69	\$ 1.41

For the years ended December 31, 2005, 2004 and 2003, if the Company had applied the fair value recognition provision of SFAS 123, an additional expense of \$.6 million, \$15.7 million and \$19.0 million, respectively, would have been recognized in discontinued operations.

Accounting Changes—For 2003, the cumulative effect of accounting change, net of minority interest and tax, of \$(6.1) million, resulted from the adoption of SFAS No. 143 "Accounting for Asset Retirement Obligations."

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

Reclassifications—Certain amounts have been reclassified to conform to the 2005 presentation.

Recent Pronouncements—In May 2005, the FASB issued SFAS No. 154 "Accounting Changes and Error Corrections" ("SFAS 154"), a replacement of APB Opinion No. 20, "Accounting Changes", and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements", effective for fiscal years beginning after December 15, 2005. SFAS 154 changes the requirements for the accounting for and reporting of a voluntary change in accounting principle as well as the changes required by an accounting pronouncement which does not include specific transition provisions. The Company does not expect the implementation of SFAS 154 to have any impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004) "Share-Based Payment" ("SFAS 123R"). SFAS 123R revises SFAS 123 and supersedes APB 25. SFAS 123R requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on grant-date fair value of the award. That cost will be recognized over the vesting period during which an employee is required to provide service in exchange for the award. On April 14, 2005, the Securities and Exchange Commission issued a ruling that

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

amended the effective date for SFAS 123R. As a result, the Company adopted SFAS 123R on January 1, 2006.

The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation of all new or modified grants after the date of adoption. In addition, the Company will recognize the unvested portion of the grant date fair value of awards issued prior to the adoption based on the fair values previously calculated for disclosure purposes. At December 31, 2005, the aggregate value of unvested options as determined using a Black-Scholes option valuation model, was approximately \$64.4 million. Upon adoption of SFAS 123R, such amount will be recognized over the remaining vesting period of these options.

3) RELATED PARTY TRANSACTIONS

NAI is the controlling stockholder of both Viacom and CBS Corporation. Sumner M. Redstone, the controlling shareholder of NAI through NAIRI, is the Executive Chairman of the Board and Founder of the Company and CBS Corporation.

Viacom and CBS Corporation Related Party Transactions

The Company, in the normal course of business, is involved in transactions with companies owned by or affiliated with CBS Corporation. The Company, through Paramount Pictures, licenses motion picture products to CBS Corporation. Paramount Pictures also distributes certain television products for a fee on behalf of CBS Corporation's television production group in the home entertainment market. MTV Networks and BET recognize advertising revenues for media spending placed by various subsidiaries of CBS Corporation. In addition, the Company is involved in transactions with Simon & Schuster and Paramount Parks, wholly owned subsidiaries of CBS Corporation. Total revenues from these transactions were \$154.9 million, \$157.4 million, and \$221.2 million for the years ended December 31, 2005, 2004 and 2003, respectively.

The Company, through MTV Networks and BET, purchases television programming from CBS Corporation. The cost of these purchases is initially recorded as program rights inventory and amortized over the life of the contract. In addition, the Company places advertisements with various subsidiaries of CBS Corporation. The total related party purchases were \$173.6 million, of which \$78.8 million was for purchases of advertising, \$378.2 million, of which \$214.1 million was for purchases of programming, and \$186.8 million, of which \$112.0 million was for purchases of programming, for the years ended December 31, 2005, 2004 and 2003, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

Transactions with CBS Corporation, through the normal course of business, are settled in cash. The following table presents the amounts due from or due to CBS Corporation as reflected in our consolidated balance sheet:

	At December 31, 2005		At December 31, 2004	
Amounts Due from CBS Corporation				
Receivables	\$	75.0	\$	66.8
Other assets		67.3		88.4
Total Due from CBS Corporation	\$	142.3	\$	155.2
Amounts Due to CBS Corporation				
Accounts payable	\$	12.4	\$	13.2
Participants' share, residuals and royalties payable		40.6		9.8
Program rights, current		182.8		177.3
Deferred income, current		13.0		15.0
Other liabilities (program rights—non-current)		238.2		383.4
Total Due to CBS Corporation	\$	487.0	\$	598.7

As discussed in Note 1, the Company also entered into a Transition Services Agreement with CBS Corporation, pursuant to which the Company will provide CBS Corporation and CBS Corporation will provide the Company with various support services for certain of their respective businesses including data center, payroll and uplink services for various periods subsequent to the date of separation. No amounts have been reflected in the accompanying Consolidated Income Statements as the Separation occurred on December 31, 2005.

Relationship between Viacom and Other Related Parties

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios including Paramount Pictures. During the year ended December 31, 2005 and for the years ended December 31, 2004 and 2003, NAI made payments to Paramount Pictures in the aggregate amounts of approximately \$14.6 million, \$11.2 million, \$9.6 million, respectively.

NAI and Mr. Redstone owned in the aggregate approximately 88% of the common stock of Midway Games Inc. ("Midway") as of March 9, 2006. Midway places advertisements on several of Viacom's cable networks from time to time. During the years ended December 31, 2005, 2004 and 2003, transactions with Midway totaled approximately \$5.9 million, \$5.5 million and \$1.4 million, respectively. The Company believes that these transactions were no more or less favorable to the subsidiaries than they would have obtained from unrelated parties. The Company may continue to enter into similar business transactions with Midway in the future.

On December 21, 2005, Viacom entered into an agreement with NAI and NAIRI (the "NAIRI Agreement") pursuant to which Viacom agreed to buy, and NAI and NAIRI agreed to sell, a number of shares of Viacom class B common stock each month such that the ownership percentage of Viacom class A common stock and Viacom class B common stock (considered as a single class) held by NAI and/or NAIRI would not increase as a result of purchases of shares of Viacom common stock under Viacom's \$3.0 billion stock purchase program which was approved, along with the NAIRI Agreement, by the Former Viacom Board on December 8, 2005 and ratified by our Board on January 26, 2006.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

In September 2005, Cinemas International Corporation N.V., a joint venture between Former Viacom and Vivendi Universal, agreed to sell its Brazilian movie operations to NAI for approximately \$27.5 million in a transaction that closed in October 2005. The sale was discussed with multiple potential purchasers and negotiated on terms we believe are no more or less favorable than those that might have been negotiated with an unaffiliated party.

The Company, in the normal course of business, is involved in other related party transactions that have not been material in any of the periods presented.

4) DISCONTINUED OPERATIONS

On July 22, 2005, Former Viacom sold Famous Players Inc., its Canadian-based theater chain, for approximately \$400 million. Famous Players has been presented as a discontinued operation in the consolidated financial statements for all periods presented.

In 2004, Former Viacom completed the exchange offer for the split-off of Blockbuster Inc. ("Blockbuster") (NYSE: BBI and BBI.B). Under the terms of the offer, Former Viacom accepted 27,961,165 shares of Former Viacom common stock in exchange for the 144 million common shares of Blockbuster that Former Viacom owned. Each share of Former Viacom Class A or Class B common stock accepted for exchange by Former Viacom was exchanged for 5.15 shares of Blockbuster common stock, consisting of 2.575 shares of Blockbuster class A common stock and 2.575 shares of Blockbuster class B common stock. The Company has agreed to indemnify CBS Corporation with respect to its obligations as guarantor on certain Blockbuster store leases (See Note 15).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

The following table sets forth the Company's net loss attributable to Blockbuster Inc. and Famous Players, which are presented as discontinued operations:

	Blockbuster	Famous Players	Total
Year Ended December 31, 2005			
Revenues from discontinued operations	\$ —	\$ 208.0	\$ 208.0
Loss from discontinued operations	\$ —	\$ (25.1)	\$ (25.1)
Loss on disposal of discontinued operations	—	(72.9)	(72.9)
Minority interest	—	(1.6)	(1.6)
Loss from discontinued operations	—	(99.6)	(99.6)
Income tax benefit	—	52.6	52.6
Net loss from discontinued operations	\$ —	\$ (47.0)	\$ (47.0)
Year Ended December 31, 2004			
Revenues from discontinued operations	\$ 4,528.9	\$ 392.5	\$ 4,921.4
Loss from discontinued operations	\$ (1,404.2)	\$ (11.6)	\$ (1,415.8)
Loss on disposal of discontinued operations	(38.2)	—	(38.2)
Minority interest	259.7	(2.2)	257.5
Loss from discontinued operations, net of minority interest	(1,182.7)	(13.8)	(1,196.5)
Income tax benefit	92.4	4.9	97.3
Net loss from discontinued operations	\$ (1,090.3)	\$ (8.9)	\$ (1,099.2)
Year Ended December 31, 2003			
Revenues from discontinued operations	\$ 5,911.7	\$ 386.9	\$ 6,298.6
Loss from discontinued operations	\$ (878.8)	\$ 1.0	\$ (877.8)
Minority interest	160.0	(1.6)	158.4
Loss from discontinued operations, net of minority interest	(718.8)	(.6)	(719.4)
Income tax (provision) benefit	(83.6)	.2	(83.4)
Net loss from discontinued operations	\$ (802.4)	\$ (.4)	\$ (802.8)

In 2004, the loss from discontinued operations of \$1.4 billion primarily reflects a non-cash impairment charge of \$1.5 billion for the impairment of goodwill and other long-lived assets in accordance with SFAS 142 and SFAS 144. Blockbuster performed an interim impairment test of its goodwill during the third quarter of 2004 because of factors surrounding the Former Viacom's exchange offer for the split-off of Blockbuster. In 2003, the loss from discontinued operations of \$877.8 million primarily reflects a non-cash impairment charge of \$1.3 billion recorded in accordance with SFAS 142. In completing its analysis of the fair value of the video business, several events led Blockbuster to conclude that the business had incremental risks that were required to be included in the evaluation of goodwill. Additionally, Blockbuster's review of long-lived assets in conjunction with SFAS 144 resulted in an impairment charge of approximately \$18.5 million to reduce the carrying value of certain fixed assets in four international markets. These charges were included in loss from discontinued operations for the year ended December 31, 2003.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

The following table presents the major classes of assets and liabilities of Famous Players:

At December 31, 2004	
Current assets (including cash and cash equivalents of \$1.1)	\$ 14.6
Long-term assets	325.7
Total Assets	\$ 340.3
Current liabilities (including current debt of \$.3)	\$ 62.9
Long-term debt	6.0
Other liabilities	40.5
Total Liabilities	\$ 109.4

The net cash flow provided by operating activities attributable to Blockbuster of \$236.6 million in 2004 reflects Blockbuster activities prior to the completion of the split-off. The net cash flow used for investing activities attributable to Blockbuster of \$(421.0) million primarily consists of Blockbuster cash and capital expenditures of \$221.9 million and \$183.6 million, respectively. The net cash flow used for financing activities attributable to Blockbuster of \$(49.0) million primarily reflects the special distribution of \$5 per Blockbuster's common share for a total of approximately \$738.1 million offset by the proceeds from Blockbuster's new credit facilities. Refer to Note 15 Commitments and Contingencies for discussion of guarantees relating to discontinued operations.

5) GOODWILL AND OTHER INTANGIBLE ASSETS

For the year ended December 31, 2005, the changes in the book value of goodwill by segment were as follows:

	Balance at December 31, 2004	Acquisitions (a)	Adjustments(b)	Balance at December 31, 2005
Cable Networks	\$ 8,964.0	\$ 226.2	\$ (171.7)	\$ 9,018.5
Entertainment	1,302.9	—	40.0	1,342.9
Total	\$ 10,266.9	\$ 226.2	\$ (131.7)	\$ 10,361.4

(a) Principally relates to the acquisitions of Neopets, Inc., and IFILM Corp.

(b) Primarily includes reclassifications to other intangible assets and foreign currency translation.

At December 31, 2005 and December 31, 2004, the Company had approximately \$370.8 million and \$250.2 million of intangible assets, respectively. Included in this amount were intangible assets with indefinite lives for MTVN trademarks for approximately \$115.5 million at December 31, 2005 and approximately \$33.5 million at December 31, 2004. These assets are not subject to amortization.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

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

At December 31, 2005			
	Gross	Accumulated Amortization	Net
Subscriber agreements	\$ 406.5	\$ (288.6)	\$ 117.9
Other intangible assets	161.8	(24.4)	137.4
Total	\$ 568.3	\$ (313.0)	\$ 255.3

At December 31, 2004			
	Gross	Accumulated Amortization	Net
Subscriber agreements	\$ 406.5	\$ (235.7)	\$ 170.8
Other intangible assets	55.2	(9.3)	45.9
Total	\$ 461.7	\$ (245.0)	\$ 216.7

Amortization expense relating to intangible assets was \$71.0 million (2005), \$60.7 million (2004), and \$52.2 million (2003). The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each of the next five succeeding years to be as follows:

	2006	2007	2008	2009	2010
Amortization expense	\$ 70.7	\$ 56.7	\$ 17.9	\$ 16.7	\$ 15.3

6) SEVERANCE AND OTHER CHARGES

In conjunction with the separation, the overhead structures at MTVN and Paramount were rationalized. In 2005, the Company recorded charges of \$47.9 million and \$22.6 million at MTVN and Entertainment respectively.

In 2004, the Company recorded severance charges of \$28.1 million, related to the terminations of the former Entertainment Segment Chairman and the former President and Chief Operating Officer of the Former Viacom. Their allocation of the severance charges were recorded in selling, general and administrative expenses in the Entertainment Segment for \$10.4 million and in Corporate expenses for \$17.7 million. Also in 2004, MTVN recorded a decrease of \$9.7 million to severance accruals due to a change in estimate for a 2001 charge and revised its initial estimate of severance liabilities for the acquisition of Comedy Central by \$1.6 million.

In 2003, charges of \$18.0 million were recorded at MTVN principally reflecting \$9.3 million of severance liabilities resulting from the acquisition of the remaining 50% of Comedy Central that the Company did not own and \$8.4 million for lease termination costs. The charges were reflected in the Consolidated Income Statement as part of selling, general and administrative expenses for the year ended December 31, 2003. Severance payments continue through 2005 since certain employees were paid out over the terms of their employment contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

The following table summarizes the activity for the restructuring charges discussed above:

Balance At December 31, 2002	\$ 18.3
2003 Charges	18.0
2003 Severance Payments	(9.2)
2003 Lease Payments	(4.0)
Balance At December 31, 2003	23.1
2004 Severance Payments	(3.9)
2004 Lease Payments	(3.7)
Revision to initial estimate	(8.1)
Balance At December 31, 2004	7.4
2005 Charges	70.5
2005 Severance Payments	(2.7)
2005 Lease Payments	(.3)
Balance At December 31, 2005	\$ 74.9

7) ACQUISITIONS

On December 9, 2005, the Company and its subsidiary Paramount Pictures Corporation ("Paramount") entered into a purchase agreement (the "Agreement") with DreamWorks LLC and certain holders of outstanding membership interests in DreamWorks LLC identified therein (the "Sellers"), pursuant to which the Company acquired all of the outstanding limited liability company interests in DreamWorks LLC upon the terms and subject to the conditions set forth in the Agreement for approximately \$1.6 billion, including the assumption of debt and certain other obligations. Paramount also entered into an exclusive seven-year distribution agreement with DreamWorks Animation SKG, Inc. At the date of the agreement, the Company paid \$75.0 million as a deposit against the purchase price. The acquisition was completed on January 31, 2006 (See Note 20).

On October 12, 2005, the Company acquired IFILM for \$49.0 million. IFILM's results have been consolidated as part of the Cable Networks Segment, effective from the date of the acquisition. The excess purchase price over the fair value of the tangible and identifiable intangible net assets acquired of approximately \$47.1 million was allocated to goodwill. The allocation of the purchase price is pending a final evaluation of the fair value of the assets acquired and liabilities assumed.

On August 2, 2005, the Company acquired Extreme Music for \$45.1 million. Extreme Music's results have been consolidated as part of Entertainment Segment, effective from the date of the acquisition. The excess purchase price over the fair value of the tangible and identifiable intangible net assets acquired of approximately \$44.8 million has been allocated to intangible assets. The allocation of the purchase price is pending a final evaluation of the fair value of assets acquired and liabilities assumed.

On June 20, 2005, the Company acquired Neopets, Inc. for approximately \$160.0 million. Neopets, Inc.'s results have been consolidated as part of Cable Networks, effective from the date of the acquisition. The excess purchase price over the fair value of the tangible and identifiable intangible net assets acquired of approximately \$154.0 million was allocated to goodwill and other intangibles. The allocation of the purchase price is pending a final evaluation of the fair value of assets acquired and liabilities assumed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

In August 2004, the Company acquired 75.8% of VIVA Media AG for \$306.9 million. Pursuant to a tender offer, the Company subsequently purchased additional shares of VIVA Media AG, raising total ownership to 97.8% for a total purchase price of \$393.6 million. VIVA Media AG's results have been included as part of Cable Networks since the date of acquisition. In June 2005, the Company acquired the remaining 2.2% interest in VIVA Media AG that it did not own for a total purchase price for \$8.4 million.

On May 22, 2003, the Company acquired the remaining 50% interest in Comedy Central that it did not own for \$1.2 billion in cash. Comedy Central's results have been consolidated as part of Cable Networks, effective from the date of acquisition. The excess purchase price over the fair value of the tangible and identifiable intangible net assets acquired of approximately \$1.0 billion was allocated to goodwill and other intangibles. The final allocation of the purchase price was based on the fair value of Comedy Central's assets acquired and liabilities assumed.

Pro forma results of operations have not been presented for the acquisitions completed during the years ended December 31, 2005, 2004 and 2003, as the results of the acquired companies, not already consolidated, either individually or in the aggregate were not material to the Company's financial results before the acquisitions.

8) INVENTORY

At December 31,	2005	2004
Theatrical:		
Released (including acquired film libraries)	\$ 699.3	\$ 682.8
Completed, not released	46.2	66.0
In process and other	483.2	361.1
Program rights	2,098.3	1,915.4
Merchandise inventory	109.3	65.9
Other	43.5	45.8
Total Inventory	3,479.8	3,137.0
Less current portion	506.6	396.6
Total Non-Current Inventory	\$ 2,973.2	\$ 2,740.4

9) 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, Nickelodeon U.K. (50% owned), MTV Brazil (30% owned), MTV Japan (36% owned), WF Cinema Holding L.P. (50% owned) and Grauman's Theatres LLC (35% owned).

Equity investments of \$147.2 million and \$110.9 million are recorded in "other assets" in the consolidated balance sheets at December 31, 2005 and 2004, respectively. 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 included in the equity investment balance was \$50.8 million and \$39.6 million at December 31, 2005 and 2004, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

10) BANK FINANCING AND DEBT

Long-term debt consists of the following:

At December 31,	2005	2004
Notes payable to banks	\$ 5,405.0	\$ —
Obligations under capital leases	352.9	345.1
Total debt	5,757.9	345.1
Less current portion	55.8	53.4
Total long-term debt from continuing operations, net of current portion	\$ 5,702.1	\$ 291.7

The Company's scheduled maturities of long-term debt at face value, excluding capital leases, outstanding at December 31, 2005 were as follows:

	2006	2007	2008	2009	2010	2011 and thereafter
Long-term debt	\$ —	\$ 5,405.0	\$ —	\$ —	\$ —	\$ —

Viacom Credit Agreements**Term Facility**

On December 8, 2005, the Company entered into a \$6.0 billion term loan credit agreement ("Term Facility"). The Term Facility, became effective upon the initial borrowing thereunder used to fund the preliminary special dividend paid to the Former Viacom shortly prior to the separation.

The Term Facility consists of two tranches, (i) Tranche A, a single-draw term loan in the principal amount of \$4.75 billion, which is due and payable on March 29, 2007 and (ii) Tranche B, a multi-draw term loan in the principal amount of \$1.25 billion, which is due and payable on June 29, 2007. The net proceeds of any offering of long-term debt securities by the Company must be used to prepay the Term Facility. Borrowing rates under the Term Facility are determined at the Company's option at the time of each borrowing and are generally based on the prime rate in the United States or LIBOR plus a specified margin. The Company pays a facility fee based on the total amount of the Tranche B commitments under the Term Facility and a utilization fee on the Tranche B borrowings if outstanding borrowings under the Term Facility exceed 50% of the total amount of the commitments thereunder. On December 29, 2005, the Company borrowed \$4.75 billion under Tranche A and \$655 million under Tranche B to fund the preliminary special dividend. The Company may make further borrowings under the Tranche B of the Term Facility for general corporate purposes, including acquisitions and commercial paper backup. As of December 31, 2005, the Company had unused borrowings under Tranche B totaling \$595.0 million in the aggregate.

The Term Facility contains covenants which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2005, the Company was in compliance with all covenants under the Term Facility.

Revolving Credit Facility

On December 8, 2005, Viacom entered into a \$3.25 billion five-year credit agreement (the "Revolving Facility"). The Revolving Facility became effective at the time of the Separation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

Borrowing rates under the Revolving Facility are to be determined at the Company's option at the time of each borrowing and are to be generally based on the prime rate in the United States or LIBOR plus a specified margin. The Company pays a facility fee based on the total amount of the commitments under the Revolving Facility and a utilization fee if outstanding borrowings exceed 50% of the total amount of the commitments thereunder. Borrowings under the Revolving Facility are expected to be used for general corporate purposes, including acquisitions and commercial paper backup. It is expected that the Company will borrow under the Revolving Facility from time to time. As of December 31, 2005, the Company had no borrowings under the Revolving Facility.

The Viacom Credit Facilities contains covenants which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2005, the Company was in compliance with all covenants under the Term Facility. Provided the Company is in compliance with debt covenants, the Company is not precluded from paying dividends.

Accounts Receivable Securitization Program

As of December 31, 2005 and December 31, 2004, the Company had a total of \$450.0 million outstanding under a revolving receivable securitization program. The program resulted in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable and debt on the Company's Consolidated Balance Sheets. The Company enters into this arrangement because it provides an additional source of liquidity. The terms of the revolving securitization arrangement requires that the receivable pools subject to the program meet certain performance ratios. As of December 31, 2005, the Company was in compliance with the required ratios under the receivable securitization program.

11) FINANCIAL INSTRUMENTS

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

The Company's interest expense is exposed to movements in short-term rates. Swap agreements may be used to modify this exposure. As of December 31, 2005, there were no interest rate swaps outstanding.

At December 31, 2005, the notional value of all foreign exchange contracts was \$109.1 million, of which \$33.6 million related to the hedging of future production costs. The remaining \$75.5 million represents hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges.

At December 31, 2004, the notional value of all foreign exchange contracts was \$174.8 million, of which \$74.6 million related to the hedging of future production costs. The remaining \$100.2 million represents hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges.

At December 31, 2005, the Company did not have any interest rate cash flow hedges outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

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

The Company's receivables do not represent significant concentrations of credit risk at December 31, 2005, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

12) STOCKHOLDERS' EQUITY

The following is a description of the material terms of Viacom's capital stock. The following description is not meant to be complete and is qualified by reference to Viacom's certificate of incorporation and bylaws and the Delaware General Corporation Law.

Common Stock—All issued and outstanding shares of Viacom Class A common stock and Viacom Class B common stock are identical and stockholders are entitled to the same rights and privileges, except as provided in the Viacom certificate of incorporation as described below.

Voting Rights. Holders of Viacom Class A common stock are entitled to one vote per share. Holders of Viacom Class B common stock do not have any voting rights, except as required by Delaware law. Generally, all matters to be voted on by Viacom stockholders must be approved by a majority of the aggregate voting power of the shares of Class A common stock present in person or represented by proxy, except as required by Delaware law.

Dividends. Stockholders of Viacom Class A common stock and Viacom Class B common stock will share ratably in any cash dividend declared by the Viacom Board of Directors, subject to any preferential rights of any outstanding preferred stock. Viacom does not currently pay a cash dividend, and any decision to pay a cash dividend in the future will be at the discretion of the Viacom Board of Directors and will depend on many factors. If the Company's Board of Directors declares a dividend of any securities of Viacom or another entity, the Board of Directors will determine whether the stockholders of Viacom Class A common stock and Class B common stock are to receive identical securities or to receive different classes or series of securities, but only to the extent such differences are consistent in all material respects with any differences between New Viacom Class A common stock and New Viacom Class B common stock.

Conversion. So long as there are 5,000 shares of Viacom Class A common stock outstanding, each share of Viacom Class A common stock will be convertible at the option of the holder of such share into one share of Viacom Class B common stock.

Liquidation Rights. In the event of liquidation, dissolution or winding-up of Viacom, all stockholders of Viacom common stock, regardless of class, will be entitled to share ratably in any assets available for distributions to stockholders of shares of Viacom common stock subject to the preferential rights of any outstanding preferred stock.

Split, Subdivisions or Combination. In the event of a split, subdivision or combination of the outstanding shares of Viacom Class A common stock or Viacom Class B common stock, the outstanding shares of the other class of Viacom common stock will be divided proportionally.

Preemptive Rights. Shares of Viacom Class A common stock and Class B common stock do not entitle a stockholder to any preemptive rights enabling a stockholder to subscribe for or receive shares of stock of any class or any other securities convertible into shares of stock of any class of Viacom. The

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

Viacom Board of Directors has the power to issue shares of authorized but unissued Viacom Class A common stock and Class B common stock without further stockholder action, subject to the requirements of applicable law and stock exchanges. Viacom's certificate of incorporation authorizes 375 million shares of Class A common stock and 5 billion shares of Class B common stock. The number of authorized shares of Viacom Class A common stock and Class B common stock could be increased with the approval of the stockholders of a majority of the outstanding shares of Viacom Class A common stock and without any action by the holders of shares of Viacom Class B common stock.

Other Rights. The Viacom certificate of incorporation provides that Viacom may prohibit the ownership of, or redeem, shares of its capital stock in order to ensure compliance with, or prevent the applicability of limitations imposed by, the requirements of U.S. laws or regulations applicable to specified types of media companies.

Preferred Stock—In connection with the separation, the Company's capital stock includes 25 million authorized shares of preferred stock with a par value of \$.001 per share. At December 31, 2005, none of the 25 million authorized shares of the preferred stock is issued and outstanding.

Stock Repurchase Program—The Company has put into place a \$3.0 billion share repurchase program which was approved by the Former Viacom Board on December 8, 2005 and ratified by Viacom's Board on January 26, 2006.

Long-Term Incentive Plan—The Company has a Long-Term Management Incentive Plan (the "LTMIP") under which stock options and Restricted Share Units ("RSU") are outstanding. The purpose of the LTMIP is to benefit and advance the interests of the Company by rewarding certain 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 LTMIP provides for awards of stock options, stock appreciation rights, restricted and unrestricted shares, restricted share units, phantom shares, dividend equivalents, performance awards and other equity related awards and cash payments. The stock options generally vest over a three-to five-year period from the date of grant and expire eight to ten years after the date of grant. A total of 41,423,086 shares of the Company's Class B common stock was reserved for issuance to employees of the Company for future exercise of stock options outstanding as of December 31, 2005. There were an aggregate of 50 million options and RSU's available for future grant under the LTMIP.

Conversion in the Separation. On the effective date of the separation, all outstanding unexercised options to purchase shares of Former Viacom Class B common stock and all outstanding RSUs of Former Viacom Class B common stock held by an individual who was an employee or director of Former Viacom immediately prior to the effective date and became an employee or director of Viacom immediately following the separation were converted into options to purchase shares of Viacom Class B common stock and RSUs of Viacom Class B common stock, respectively. The Former Viacom stock options were converted in a manner designed to preserve their intrinsic value which existed immediately prior to the separation, and the Former Viacom RSUs were converted in a manner designed to preserve their value. To accomplish this, adjustments were made to the number of options and the option exercise prices, and the number of RSUs. The conversion of Former Viacom stock options and RSUs to stock options and RSUs of the Company did not require the recognition of compensation expense as the value of the respective awards remained unchanged.

Accordingly, each grant of stock options to purchase Former Viacom Class B common stock was converted into a number of stock options to purchase Viacom's Class B common stock determined by multiplying the number of outstanding stock options included in the grant by 0.792802. The per share

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

exercise price of the converted stock option was determined by dividing the exercise by 0.792802. Each grant of RSUs of Former Viacom Class B common stock was converted into a number of RSUs of Viacom's Class B common stock determined by multiplying the number of RSU included in the grant by 0.792802.

Presented below is the stock option details of Former Viacom which pertain to stock awards of current and former employees of Viacom. Unless otherwise indicated, amounts and exercise prices have not been adjusted by the conversion factor described above.

The weighted-average fair value of each option as of the grant date was \$9.95, \$17.88, \$18.62 in 2005, 2004 and 2003, 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:

	2005	2004	2003
Expected dividend yield (a)	.76%	.62%	—
Expected stock price volatility	24.01%	38.85%	39.57%
Risk-free interest rate	3.80%	4.17%	3.58%
Expected life of options (years)	5.2	7.4	6.8

(a) Former Viacom did not declare any cash dividends on its common stock prior to the third quarter of 2003. 2003 options were granted to employees of the Company prior to the third quarter.

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

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 2002	47,098,497	\$ 38.63
Granted	7,748,118	\$ 39.88
Exercised	(3,957,900)	\$ 24.20
Canceled	(885,859)	\$ 45.63
Balance at December 31, 2003	50,002,856	\$ 39.84
Granted	10,254,850	\$ 39.05
Exercised	(2,021,704)	\$ 18.19
Canceled	(1,974,312)	\$ 42.89
Balance at December 31, 2004	56,261,690	\$ 40.37
Granted	5,772,217	\$ 37.30
Exercised	(3,452,888)	\$ 15.98
Canceled	(2,610,823)	\$ 41.93
Balance at December 31, 2005 Pre-Conversion	55,970,196	\$ 41.53
Conversion	(14,547,110)	
Balance at December 31, 2005 Post Conversion	41,423,086	\$ 51.22

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

The following table summarizes information concerning outstanding and exercisable stock options on a post conversion basis for the Company's employees under the LTMIP at December 31, 2005:

Range of Exercise Price	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
\$10.00 to 19.99	2,316,218	1.83	\$ 19.22	2,316,218	\$ 19.22
20.00 to 29.99	752,550	.81	\$ 22.02	752,550	\$ 22.02
30.00 to 30.99	4,049,575	2.65	\$ 38.61	4,049,575	\$ 38.61
40.00 to 49.99	14,019,851	11.82	\$ 47.70	8,396,812	\$ 48.75
50.00 to 59.99	10,027,595	5.96	\$ 52.02	10,017,836	\$ 52.02
60.00 to 69.99	4,314,645	5.63	\$ 65.89	4,314,645	\$ 65.89
70.00 to 79.99	5,399,976	1.62	\$ 70.84	5,399,976	\$ 70.84
80.00 to 89.99	542,676	4.53	\$ 86.33	542,676	\$ 86.33
	41,423,086			35,790,288	

Stock options exercisable by employees of Former Viacom at December 31, 2005 and 2004 and by employees of the Company at December 31, 2005 were as follows:

December 31, 2003 (Pre-conversion)	30,882,155
December 31, 2004 (Pre-conversion)	37,880,817
December 31, 2005 (Post-conversion)	35,790,288

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

13) INCOME TAXES

See Note 3 for a summary of the Tax Matters Agreement entered into with CBS Corporation.

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

Year Ended December 31,	2005	2004	2003
United States	\$ 2,022.2	\$ 2,072.8	\$ 1,863.2
Foreign	296.1	171.4	93.0
Total	\$ 2,318.3	\$ 2,244.2	\$ 1,956.2

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

Year Ended December 31,	2005	2004	2003
Current:			
Federal	\$ 751.4	\$ 590.7	\$ 575.7
State and local	180.2	171.7	135.5
Foreign	68.3	35.0	33.9
	999.9	797.4	745.1
Deferred	20.1	10.8	42.5
Provision for income taxes	\$ 1,020.0	\$ 808.2	\$ 787.6

The equity losses of affiliated companies are shown net of tax on the Company's consolidated Income Statements. The tax provision relating to losses from equity investments in 2005, 2004, and 2003 were \$9.8 million, \$6.1 million, and \$16.2 million, respectively, which represented an effective tax rate of 51.0%, 18.0%, and 785.8%, respectively.

The difference between income taxes as expected at the U.S. federal statutory income tax rate of 35% and income taxes provided on earnings are summarized as follows:

Year Ended December 31,	2005	2004	2003
Taxes on income at U.S. federal statutory rate	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	4.6	4.8	4.2
Effect of foreign operations	(.4)	(2.7)	(1.3)
Audit settlements	—	(3.4)	—
Other, net	4.8	2.3	2.4
Total Income taxes	44.0%	36.0%	40.3%

The increase in the Other, net tax rate shown in the table above compared to 2004 is largely the result of non-deductible separation related expenses of \$102 million, which are included in the total separation costs of \$163.5 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

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

Year Ended December 31,	2005	2004
Deferred tax assets:		
Provision for expense and losses	\$ 71.9	\$ 538.6
Postretirement and other employee benefits	159.7	80.8
Tax credit and loss carryforwards	7.3	30.2
Other	28.6	3.5
Total deferred tax assets	267.5	653.1
Valuation allowance	(2.1)	(9.6)
Net deferred tax assets	\$ 265.4	\$ 643.5
Deferred tax liabilities:		
Property, equipment and intangible assets	\$ (174.6)	\$ —
Other	—	(194.9)
Total deferred tax liabilities	\$ (174.6)	\$ (194.9)
Deferred tax assets, net	\$ 90.8	\$ 448.6

At December 31, 2005 and 2004, respectively, the Company's deferred tax assets and liabilities were reflected in the Consolidated Balance Sheets as indicated in the following table:

Year Ended December 31,	2005	2004
Current deferred tax assets, net	\$ 132.0	\$ 13.5
Non-current deferred tax assets, net	—	435.1
Non-current deferred tax liabilities, net	(41.2)	—
Deferred tax assets, net	\$ 90.8	\$ 448.6

At December 31, 2005, the Company had net operating loss carryforwards for federal, state and local and foreign jurisdiction of approximately \$6 million, which expire in various years from 2006 through 2020, and capital loss carryforwards of \$13.3 million which expire in 2009.

The 2005 and 2004 deferred tax assets were reduced by a valuation allowance of \$2.1 million and \$9.6 million, respectively, principally relating to tax benefits of net operating losses which are not expected to be realized.

The Company's share of the undistributed earnings of foreign subsidiaries not included in its consolidated federal income tax return that could be subject to additional income taxes if remitted was approximately \$350.6 million at December 31, 2005 and \$155.4 million at December 31, 2004. No provision has been recorded for the U.S. or foreign taxes that could result from the remittance of such undistributed earnings since the Company intends to distribute only the portion of such earnings which would be offset by U.S. foreign tax credits, and intends to reinvest the remainder outside the U.S. indefinitely, and for this portion it is not practicable to estimate the amount of such deferred taxes.

The IRS is currently examining the years 2000 through 2003. The Company believes that adequate provision has been made for income taxes for all open tax periods through December 31, 2005.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

In connection with the separation and pursuant to the terms of the Tax Matters Agreement, Viacom and CBS Corporation have agreed to each be financially responsible for 50% of any potential liabilities that may arise to the extent such potential liabilities are not directly attributable to their respective business operations.

14) PENSION AND OTHER POSTRETIREMENT BENEFITS

At the separation, the Company assumed responsibility for pension and postretirement benefit obligations for its active employees. Obligations related to retired and terminated vested employees as of December 31, 2005 remain the responsibility of CBS Corporation. Prior to the separation, the Company's employees participated in the Former Viacom pension plans and postretirement benefit plans. In addition, prior to the separation, the determination of the Company's obligation and expense for pension and postretirement benefits and transfer of plan assets to cover such obligations was based on assumptions which were actuarially determined. The Company believes such allocation methodologies are reasonable and consistent with the Separation Agreement. At the separation, the assets of the Former Viacom pension and other employee benefit plans were divided and transferred between CBS Corporation and the Company in accordance with the Separation Agreement.

The Company employees participate in Viacom's non-contributory pension plans. The benefits for certain plans are based primarily on an employee's years of service and average pay near retirement. Benefits under other plans are based primarily on an employee's pay for each year that the employee participates in the plan. Participating employees are vested in the plans after five years of service. Viacom policy for all pension plans is to fund amounts in accordance with the Employee Retirement Income Security Act of 1974, the Internal Revenue code of 1986 and the applicable rules and regulations. Plan assets consist principally of equity securities, marketable bonds and U.S. government securities. The Company's proportionate share of the Former Viacom Class B common stock represents approximately 1.8% of the plan assets' fair values at December 31, 2005 and 2004, respectively.

In addition, the Company employees participate in Viacom sponsored health and welfare plans that provide certain postretirement health care and life insurance benefits to retired employees and their covered dependents. Retiring employees are eligible for these benefits if they meet certain age and service requirements at the time of their retirement. Most of the plans are contributory and contain cost-sharing features such as deductibles and coinsurance which are adjusted annually. Claims are paid either through certain trusts funded by Viacom or by the Company's own funds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

A December 31 measurement date is used for all pension and other postretirement benefit plans. The following table sets forth the Company's change in benefit obligation under Viacom's benefit plans:

At December 31,	Pension Benefits		Postretirement Benefits	
	2005	2004	2005	2004
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ 412.1	\$ 340.8	\$ 7.6	\$ 6.1
Impact of 2005 separation	27.2	—	1.9	—
Service cost	28.9	24.2	.7	.5
Interest cost	24.7	20.3	.5	.4
Actuarial loss	6.5	33.1	.5	.8
Benefits paid	(6.5)	(8.7)	(.4)	(.2)
Participants' contributions	—	—	.1	—
Cumulative translation adjustments	(.5)	2.4	—	—
Benefit obligation, end of year	\$ 492.4	\$ 412.1	\$ 10.9	\$ 7.6

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

At December 31,	Pension Benefits		Postretirement Benefits	
	2005	2004	2005	2004
Change in plan assets:				
Fair value of plan assets, beginning of year	\$ 178.2	\$ 142.9	\$.1	\$.1
Impact of 2005 separation	33.9	—	(.1)	—
Actual return on plan assets	13.1	13.6	—	—
Employer contributions	2.5	28.6	.3	.2
Benefits paid	(6.5)	(8.7)	(.4)	(.2)
Participants' contributions	—	—	.1	—
Cumulative translation adjustments	(.3)	1.8	—	—
Fair value of plan assets, end of year	\$ 220.9	\$ 178.2	\$ —	\$.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

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

At December 31,	Pension Benefits		Postretirement Benefits	
	2005	2004	2005	2004
Funded status	\$ (271.5)	\$ (233.9)	\$ (10.9)	\$ (7.5)
Unrecognized transition obligation	.4	.4	—	—
Unrecognized prior service cost (benefit)	1.7	2.0	(.3)	(.4)
Unrecognized actuarial loss	110.5	96.1	2.0	1.1
Accrued pension liability	\$ (158.9)	\$ (135.4)	\$ (9.2)	\$ (6.8)
Amounts recognized in the Consolidated Balance Sheets:				
Accrued liability	\$ (207.5)	\$ (165.9)	\$ (9.2)	\$ (6.8)
Prepaid benefits cost	4.5	3.5	—	—
Intangible assets	3.8	4.0	—	—
Accumulated other comprehensive pre-tax loss(1)	40.3	23.0	—	—
Net liability recognized	\$ (158.9)	\$ (135.4)	\$ (9.2)	\$ (6.8)

(1) Reflects a minimum liability decrease of \$17.3 million in 2005 and a minimum liability increase of \$18.1 million in 2004.

The accumulated benefit obligation of the Company under Viacom's defined pension plans was \$424.0 million and \$343.7 million at December 31, 2005 and 2004, respectively.

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

At December 31,	2005	2004
Projected benefit obligation	\$ 492.4	\$ 383.6
Accumulated benefit obligation	\$ 424.0	\$ 320.8
Fair value of plan assets	\$ 220.9	\$ 154.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

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

At December 31,	Pension Benefits			Postretirement Benefits		
	2005	2004	2003	2005	2004	2003
Components of net periodic cost:						
Service cost	\$ 28.9	\$ 24.2	\$ 21.8	\$.7	\$.5	\$.5
Interest cost	24.7	20.3	18.9	.5	.4	.5
Expected return on Plan Assets	(17.5)	(12.1)	(9.7)	—	—	—
Amortization of transition obligation	.1	.1	(.8)	—	—	—
Amortization of prior service cost	.3	.4	.3	(.3)	(.2)	(.2)
Recognized actuarial loss	5.8	3.1	3.8	—	—	—
Net periodic cost	\$ 42.3	\$ 36.0	\$ 34.3	\$.9	\$.7	\$.8

	Pension Benefits		Postretirement Benefits	
	2005	2004	2005	2004
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate	5.8%	5.8%	5.8%	5.8%
Rate of compensation increase	4.0%	3.5%	N/A	N/A
Weighted-average assumptions used to determine net periodic cost for years ended December 31:				
Discount rate	5.8%	6.0%	5.8%	6.0%
Expected long-term return on plan assets	8.5%	8.2%	2.0%	2.0%
Rate of compensation increase	3.5%	3.5%	N/A	N/A

N/A—not applicable

The expected long-term returns on plan assets were based upon the target asset allocation and return estimates for equity and debt securities. The expected rate of return for equities was based upon the risk-free rate plus a premium for equity securities. The expected return on debt securities was based upon an analysis of current and historical yields on portfolios of similar quality and duration.

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

	2005	2004
Projected health care cost trend rate for participants of age 65 and below	9.0%	9.0%
Projected health care cost trend rate for participants above age 65	10.0%	10.0%
Ultimate trend rate	5.0%	5.0%
Year ultimate trend rate is achieved for participants of age 65 and below	2014	2013
Year ultimate trend rate is achieved for participants above age 65	2016	2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

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	\$ —	\$ —
Effect on the accumulated postretirement benefit obligation	\$.6	\$ (.5)

The asset allocations for the Company under Viacom's retirement benefit trusts for the qualified pension benefit plans are based upon an analysis of the timing and amount of projected benefit payments, the expected returns and risk of the asset classes and the correlation of those returns.

The percentage of asset allocations of the Company's pension plans at December 31, 2005 and 2004, by asset category were as follows:

Plan Assets at December 31,	2005	2004
Equity securities	60.2%	55.6%
Debt securities	35.2	36.0
Cash and other	4.6	8.4
Total	100.0%	100.0%

The assets of the Company's postretirement benefit plans at December 31, 2005 and 2004 primarily consisted of cash.

Future Benefit Payments

The estimated future benefit payments are as follows:

	2006	2007	2008	2009	2010	2011-2015
Pension	\$ 7.8	\$ 9.1	\$ 10.9	\$ 11.8	\$ 13.9	\$ 98.2
Postretirement	\$.5	\$.6	\$.7	\$.8	\$.9	\$ 5.7

The Company expects to contribute \$10.0 million to Viacom Inc.'s pension plans and \$.5 million to the other postretirement benefit plans in 2006.

Certain employees of the Company under collective bargaining agreements participate in Viacom's multi-employer plans which provide pension and health and welfare benefits. The contributions to these plans were \$12.9 million and \$13.1 million in 2005 and 2004, respectively. In addition, Viacom has defined contribution plans for the benefit of substantially all the Company's employees meeting certain eligibility requirements. Former Viacom contributions to such plans were \$16.1 million, \$19.3 million and \$16.3 million for the years ended December 31, 2005, 2004 and 2003, respectively.

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

15) COMMITMENTS AND CONTINGENCIES

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

Programming and talent commitments of the Company, estimated to aggregate approximately \$1.06 billion as of December 31, 2005, included \$824.9 million relating to cable programming, feature film production and feature film acquisitions, and \$234.4 million for talent contracts. A majority of such fees are payable over several years, as part of the normal course of business.

The Company has long-term non-cancelable operating lease commitments for office space and equipment, transponders, studio facilities and vehicles. The Company also enters into capital leases for satellite transponders. At December 31, 2005, future operating leases payments are estimated to aggregate \$859.7 million.

The Company also has purchase obligations which include agreements to purchase goods or services in the future that totaled \$95.1 million as of December 31, 2005.

At December 31, 2005, minimum rental payments under noncancelable leases and minimum franchise payments are as follows:

	Leases	
	Capital	Operating
2006	\$ 76.8	\$ 137.7
2007	75.2	127.9
2008	68.2	114.7
2009	64.7	105.4
2010	47.1	73.5
2011 and thereafter	112.9	300.5
Total minimum payments	\$ 444.9	\$ 859.7
Less amounts representing interest	92.0	
Present value of net minimum payments	\$ 352.9	

Future minimum operating lease payments have been reduced by future minimum sublease income of \$13.6 million. Rent expense amounted to \$140.6 million in 2005, \$98.1 million in 2004 and \$88.9 million in 2003.

Guarantees

The Company follows the recognition provisions of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45") for guarantees, including indemnities, issued or modified after December 31, 2002. FIN 45 requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of an obligation assumed by issuing a guarantee. FIN 45 also requires additional disclosures for certain guarantees.

In connection with the separation, the Company agreed to indemnify Former Viacom with respect to obligations as guarantor on certain Blockbuster store leases. Blockbuster's obligations under these

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

store leases aggregated approximately \$353.0 million at December 31, 2005. Certain leases contain renewal options that can extend the primary lease term and remain covered by the guarantees. Blockbuster's indemnification obligations are secured by a \$150 million letter of credit. Viacom recorded a liability of approximately \$53.1 million to reflect the estimated fair value of its indemnification obligation. Blockbuster has agreed to indemnify Former Viacom with respect to any amount paid under these guarantees.

In the third quarter of 2005, Former Viacom sold Famous Players, an operator of movie theaters in Canada. Former Viacom may incur liabilities associated with Famous Players theater leases. Famous Players obligations under these theater leases aggregated approximately \$1.02 billion at December 31, 2005. The Company agreed to indemnify CBS Corporation, with respect to any liability under these theater leases. The Company recorded a liability of approximately \$179.9 million to reflect the estimated fair value of these indemnification obligations.

In the fourth quarter of 2004, Former Viacom sold substantially all of its 50% equity interest in UCI, which operates movie theaters in Europe, Latin America and Asia. Former Viacom had guaranteed UCI's debt obligations under a revolving credit facility which was repaid during the fourth quarter of 2004. Former Viacom contributed \$29.1 million toward the repayment of UCI's debt obligation under the terms of this guarantee. These guarantees totaled approximately \$152.4 million at December 31, 2005 and are secured by bank guarantees provided by the buyer. In connection with the separation, the Company agreed to indemnify CBS Corporation with respect to any obligations CBS Corporation may pay under these guarantees.

The Company also owns a 50% interest in WF Cinema Holdings, L.P. and a 35% interest in Grauman's Theatres LLC and guarantees certain theater leases. These guarantees totaled approximately \$10.0 million at December 31, 2005. The Company agreed to indemnify CBS Corporation with respect to any obligations of Former Viacom under these guarantees.

Additionally, the Company has indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated \$29.8 million at December 31, 2005 and are not recorded on the balance sheet as of December 31, 2005.

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

Legal Matters

In July 2002, judgment was entered in favor of Former Viacom, Blockbuster, Paramount Home Entertainment and other major motion picture studios and their home video subsidiaries with respect to a complaint filed in the United States District Court for the Western District of Texas. The complaint included federal antitrust and California state law claims. In August 2003, the U.S. Court of Appeals for the Fifth Circuit affirmed the federal court judgment. The U.S. Supreme Court refused plaintiffs' petition for writ of certiorari in March 2004. In February 2003, a similar complaint that had been filed in a Los Angeles County Superior Court was also dismissed with prejudice. The plaintiffs appealed the California state court dismissal, as well as a prior denial of class certification. On

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

November 22, 2005, the California Court of Appeal affirmed the trial court's dismissal of the antitrust and conspiracy claims. The court reversed the dismissal of California Unfair Practices Act and Unfair Competition Act claims and remanded those claims to the trial court, except with regard to transactions between Paramount and Blockbuster as to which the trial court dismissal was affirmed. Blockbuster remains a defendant in the case with respect to our transactions with studios other than Paramount. As the result of the split-off of Blockbuster from Former Viacom in 2004, any judgment in this matter adverse to Former Viacom, Blockbuster and/or Paramount Home Entertainment may be allocated 33.33% to Blockbuster and 66.67% to Viacom. Pursuant to the Separation Agreement, Viacom has assumed and will indemnify CBS Corporation for Former Viacom's responsibility for losses in this matter.

On July 13, 2005, two identical shareholder derivative lawsuits were filed against Former Viacom. The suits, consolidated as *In re Viacom Shareholders Derivative Litigation*, relate to the compensation of Sumner Redstone, Tom Freston and Leslie Moonves, each of whom were executive officers of Former Viacom. Mr. Redstone is currently Viacom's Executive Chairman of the Board and Founder and Mr. Freston is Viacom's President and Chief Executive Officer. Mr. Moonves is the President and Chief Executive Officer of CBS Corporation. The plaintiffs claim that the compensation of these officers was excessive and unwarranted and not entirely fair to Former Viacom and its shareholders. Plaintiffs seek disgorgement of compensation paid to the named officers in 2004, unspecified damages from members of Former Viacom's Board of Directors for alleged breach of fiduciary duty, and other relief. Prior to the separation, Former Viacom moved to dismiss the case on both procedural and substantive grounds. No decision has been rendered on the motion. Former Viacom also was served with several shareholder demands for business records under Delaware law in connection with the shareholders' purported investigations of similar claims. Under the Separation Agreement, liabilities in connection with executive compensation claims relating to officers of Former Viacom are shared equally by Viacom and CBS Corporation.

In late 2005 and early 2006, Former Viacom was named as a defendant in three lawsuits in the United States District Court for the Northern District of Texas and one lawsuit in the United States District Court for the Southern District of New York, each relating to the 2004 split-off of Blockbuster from Former Viacom. Each of the lawsuits names as defendants NAI, Former Viacom and Blockbuster, and certain of their respective present and former officers and directors, including some individuals who are officers and directors of New Viacom. The Texas lawsuits are purported class actions which allege violations of the federal securities laws. The New York case is a purported class action which alleges that the defendants breached fiduciary obligations to the Blockbuster Investment Plan in violation of the Employee Retirement Income Security Act by continuing to offer to plan participants Blockbuster stock from and after November 2003 and by offering to plan participants the opportunity to exchange their shares of Former Viacom common stock for the shares of Blockbuster common stock that were owned by Former Viacom in connection with the 2004 split-off transaction. Plaintiffs in each of the lawsuits allege that the defendants made untrue statements of material facts and concealed and failed to disclose material facts with respect to Blockbuster's business prospects. The lawsuits seek damages in unspecified amounts and other relief. In connection with the split-off, Blockbuster agreed to indemnify Former Viacom and our employees, officers and directors with respect to liabilities arising out of any material untrue statements and omissions in those portions of the 2004 Prospectus-Offer to Exchange relating to the split-off that were provided by Blockbuster. Pursuant to the Separation Agreement, we will indemnify CBS Corporation for any losses arising from these lawsuits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

Viacom believes that the plaintiffs' positions in these litigations are without merit and intends to vigorously defend itself in the litigations. Litigation is inherently uncertain and always difficult to predict. However, based on Viacom's understanding and evaluation of the relevant facts and circumstances, it believes that the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows.

16) REPORTABLE SEGMENTS

The following tables set forth the Company's financial performance by reportable operating segment. The Company's reportable operating segments have been determined in accordance with the Company's internal management structure. The Company operates two segments: (i) Cable Networks and (ii) Entertainment.

The accounting policies of the segments are the same as those described in Note 2—Summary of Significant Accounting Policies. Intercompany revenue eliminations associated with the Entertainment and Cable Networks segments, respectively, were (\$1.9) million and (\$141.6) million for 2005, (\$1.9) million and (\$125.1) million for 2004, and (\$1.6) million and (\$125.1) million for 2003. Operating

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

income eliminations primarily reflect the timing of intercompany transactions from the sale of feature films to cable networks.

Year Ended December 31,	2005	2004	2003
Revenues:			
Cable Networks	\$ 6,757.8	\$ 5,745.5	\$ 4,775.3
Entertainment	2,995.3	2,513.7	2,655.8
Eliminations	(143.5)	(127.0)	(126.7)
Total Revenues	\$ 9,609.6	\$ 8,132.2	\$ 7,304.4
Operating Income:			
Cable Networks	\$ 2,610.1	\$ 2,265.0	1,928.9
Entertainment	70.1	154.2	189.7
Segment Total	2,680.2	2,419.2	2,118.6
Corporate expenses	(308.5)	(128.1)	(103.8)
Eliminations	(5.3)	(8.3)	(13.0)
Total Operating Income	2,366.4	2,282.8	2,001.8
Interest expense	(23.0)	(24.2)	(23.2)
Interest income	3.9	3.3	2.2
Other items, net	(29.0)	(17.7)	(24.6)
Earnings from continuing operations before income taxes, equity in loss of affiliated companies and minority interest	2,318.3	2,244.2	1,956.2
Provision for income taxes	(1,020.0)	(808.2)	(787.6)
Equity in income (loss) of affiliated companies, net of tax	9.4	(40.0)	(18.2)
Minority interest, net of tax	(3.8)	(3.1)	(3.0)
Net earnings from continuing operations	1,303.9	1,392.9	1,147.4
Net loss from discontinued operations	(47.0)	(1,099.2)	(802.8)
Net earnings before cumulative effect of change in accounting principle	1,256.9	293.7	344.6
Cumulative effect of accounting change, net of tax	—	—	(6.1)
Net Earnings	\$ 1,256.9	\$ 293.7	338.5

Year Ended December 31,	2005	2004	2003
Depreciation and Amortization:			
Cable Networks	\$ 230.8	\$ 223.2	\$ 171.4
Entertainment	23.0	\$ 19.0	16.8
Corporate	5.2	9.4	9.7
Total Depreciation and Amortization	\$ 259.0	\$ 251.6	\$ 197.9

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

At December 31,

	2005	2004
Total Assets:		
Cable Networks	\$ 13,835.0	\$ 13,487.4
Entertainment	4,791.6	4,100.5
Discontinued Operations	—	340.3
Corporate	489.0	512.6
Total Assets	\$ 19,115.6	\$ 18,440.8

Year Ended December 31,

	2005	2004	2003
Capital Expenditures:			
Cable Networks	\$ 142.4	\$ 86.9	\$ 81.7
Entertainment	46.7	29.2	27.6
Corporate	3.9	24.4	5.0
Total Capital Expenditures	\$ 193.0	\$ 140.5	\$ 114.3

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

Year Ended December 31,	Revenues by Type		
	2005	2004	2003
Advertising sales	\$ 3,963.4	\$ 3,349.6	\$ 2,769.0
Affiliate fees	1,824.8	1,640.3	1,448.4
Feature film exploitation	2,873.4	2,394.5	2,561.7
Other (a)	948.0	747.8	525.3
Total	\$ 9,609.6	\$ 8,132.2	\$ 7,304.4

(a) Other primarily includes revenues from the syndication of cable programming and music publishing.

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

Year Ended December 31,	2005	2004	2003
Revenues (a):			
United States	\$ 7,466.7	\$ 6,418.0	\$ 5,790.9
International	2,142.9	1,714.2	1,513.5
Total Revenues	\$ 9,609.6	\$ 8,132.2	\$ 7,304.4

At December 31,

	2005	2004
Long-lived Assets (b):		
United States	\$ 14,632.2	\$ 14,157.5
International	821.4	1,110.1
Total Long-lived Assets	\$ 15,453.6	\$ 15,267.6

Transactions within the Company between geographic areas are not significant.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

17) OTHER ITEMS, NET

Other items, net reflected a net loss of \$29.0 million for 2005, \$17.7 million for 2004, and \$24.6 million for 2003, principally consisting of costs associated with securitizing trade receivables of \$15.9 million, \$7.7 million and \$5.7 million, respectively, and foreign exchange losses of \$14.3 million for 2005, \$9.3 million for 2004, and \$18.9 million for 2003.

18) SUPPLEMENTAL CASH FLOW INFORMATION

Year Ended or At December 31,	2005	2004	2003
Cash paid for interest, net of amounts capitalized (a)	\$ 19.8	\$ 32.6	\$ 51.4
Cash paid for income taxes (a)	\$ 962.6	\$ 768.4	\$ 605.6
Non-cash investing and financing activities:			
Equipment acquired under capitalized leases	\$ 93.6	\$ 91.9	\$ 58.1
Acquisitions:			
Fair value of assets acquired	\$ 359.8	\$ 493.3	\$ 1,311.0
Fair value of liabilities assumed	(3.7)	(129.3)	(100.4)
Minority interest	(0.0)	(0.3)	73.4
Cash paid, net of cash acquired	(356.1)	(363.7)	(1,284.0)
Impact on stockholders' equity	\$ —	\$ —	\$ —

(a) Amounts also include cash payments for discontinued operations.

19) QUARTERLY FINANCIAL DATA (unaudited):

2005	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenues	\$ 2,106.9	\$ 2,301.5	\$ 2,477.5	\$ 2,723.7	\$ 9,609.6
Operating income	\$ 621.4	\$ 589.0	\$ 743.4	\$ 412.6	\$ 2,366.4
Net earnings from continuing operations	\$ 362.3	\$ 362.2	\$ 449.9	\$ 129.5	\$ 1,303.9
Net earnings	\$ 350.3	\$ 353.9	\$ 423.2	\$ 129.5	\$ 1,256.9
<hr/>					
2004	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenues	\$ 1,791.6	\$ 1,867.2	\$ 1,969.6	\$ 2,503.8	\$ 8,132.2
Operating income	\$ 518.6	\$ 541.1	\$ 597.6	\$ 625.5	\$ 2,282.8
Net earnings from continuing operations	\$ 358.2	\$ 307.2	\$ 322.0	\$ 405.5	\$ 1,392.9
Net earnings (loss)	\$ 444.0	\$ 343.8	\$ (887.3)	\$ 393.2	\$ 293.7

20) SUBSEQUENT EVENTS

On January 31, 2006, the Company completed the acquisition of substantially all of the outstanding limited liability company interests of DreamWorks LLC ("DreamWorks"), a motion picture studio, pursuant to the purchase agreement dated as of December 9, 2005 among the Company, its subsidiary Paramount Pictures Corporation, DreamWorks and certain holders of membership interests in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Tabular dollars in millions, except per share amounts)

DreamWorks identified therein (the "Acquisition"). The purchase price was approximately \$1.6 billion consisting of cash and the assumption of debt.

In connection with the Acquisition, the Company borrowed approximately \$1.1 billion in the aggregate under its \$3.25 billion five-year credit agreement with the lenders named therein, JP Morgan Chase Bank, N.A., as administrative agent, Citibank, N.A., as syndication agent, and Bank of America, N.A., Deutsche Bank Securities Inc. and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as co-documentation agents, and Tranche B of its \$6.0 billion term loan credit agreement with the lenders named therein, Citibank, N.A., as administrative agent, JP Morgan Chase Bank, N.A., as syndication agent, and Bank of America, N.A., Deutsche Bank Securities Inc. and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as co-documentation agents (collectively, the "Credit Facilities"). The terms of the Credit Facilities are described in Note 10.

During the first quarter of 2006, the Company entered into \$2.35 billion notional amount of variable to fixed rate interest swaps.

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

None.

Item 9A. *Controls and Procedures.*

Our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act")) were effective, based on the evaluation of these controls and procedures required by Rule 13a-15(b) of the Exchange Act.

We became a new registrant on November 28, 2005 and were separated from Former Viacom on December 31, 2005. As a result, for 2005 we were not subject to the requirements of Section 404 of the Sarbanes-Oxley Act relating to internal controls. Former Viacom, which included the business segments we acquired from them, was nonetheless subject to these requirements in 2005.

No change in our internal control over financial reporting occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. However, as a result of the separation, modifications to internal controls have occurred and will continue to occur as we evaluate the optimal design of our internal controls as a separate public company.

Item 9B. *Other Information.*

None.

Item 10. *Directors and Executive Officers of the Registrant.*

The information required by this item with respect to our directors is contained in our Proxy Statement for our 2006 Annual Meeting of Stockholders (the "Proxy Statement") under the headings "Our Board of Directors," "Item 1—Election of Directors," and "Section 16(a) Beneficial Ownership Reporting Compliance," which information is incorporated herein by reference.

The information required by this item with respect to our executive officers is (i) contained in the Proxy Statement under the headings "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" and (ii) included in Part I of this Form 10-K under the caption "Our Executive Officers," which information is incorporated herein by reference.

Item 11. *Executive Compensation.*

The information required by this item is contained in the Proxy Statement under the headings "Director Compensation" and "Executive Compensation," which information is incorporated herein by reference.

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

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

Item 13. *Certain Relationships and Related Transactions.*

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

Item 14. *Principal Accounting Fees and Services.*

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

Item 15. Exhibits, Financial Statement Schedules.

(a) 1. *Financial Statements.*

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

2. *Financial Statement Schedules.*

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

3. *Exhibits.*

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

(b) *Exhibits.*

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

*

Director

March 16, 2006

Ellen V. Futter

*

Director

March 16, 2006

Alan C. Greenberg

*

Director

March 16, 2006

Robert K. Kraft

*

Director

March 16, 2006

Charles E. Phillips, Jr.

*

Director

March 16, 2006

Frederic V. Salerno

*

Director

March 16, 2006

William Schwartz

*By:

/s/ MICHAEL D. FRICKLAS

March 16, 2006

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

INDEX TO EXHIBITS
ITEM 15(b)

Effective December 31, 2005, the former Viacom Inc. ("Former Viacom") was renamed CBS Corporation and New Viacom Corp. was renamed Viacom Inc.

Exhibit No.	Description of Exhibit
3.1*	Amended and Restated Certificate of Incorporation of Viacom Inc. effective December 31, 2005.
3.2*	Amended and Restated Bylaws of Viacom Inc. effective December 31, 2005.
4.1	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.
10.1	Agreement and Plan of Merger, dated as of November 21, 2005, among Former Viacom, New Viacom Corp. and Viacom Merger Sub Inc. (incorporated by reference to Annex A to the Prospectus-Information Statement that is a part of Amendment No. 1 to the Registration Statement on Form S-4 of New Viacom Corp. filed on November 23, 2005) (File No. 333-128821).
10.2	Separation Agreement dated as of December 19, 2005 by and between Former Viacom and New Viacom Corp. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of New Viacom Corp. filed December 21, 2005) (File No. 001-32686).
10.3	Tax Matters Agreement dated as of December 30, 2005 by and between Former Viacom and New Viacom Corp. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed January 5, 2006) (File No. 001-32686).
10.4	\$6.0 Billion Term Loan Credit Agreement, dated as of December 8, 2005, among New Viacom Corp. the Lenders named therein, Citibank, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Bank of America, N.A., Deutsche Bank Securities Inc., and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of New Viacom Corp. filed December 14, 2005) (File No. 001-32686).
10.5	\$3.25 Billion Five-Year Credit Agreement, dated as of December 8, 2005, among New Viacom Corp., the Lenders named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, and Bank of America, N.A., Deutsche Bank Securities Inc. and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as Co-Documentation Agents (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of New Viacom Corp. filed December 14, 2005) (File No. 001-32686).
10.6	Agreement dated as of December 21, 2005 between New Viacom Corp., National Amusements, Inc. and NAIRI, Inc. (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K of New Viacom Corp. filed December 23, 2005) (Commission File No. 001-32686).
10.7*	Summary of Viacom Inc. Compensation for Outside Directors.**
10.8*	Viacom Inc. 2006 Stock Option Plan for Outside Directors.**

- 10.9* Viacom Inc. 2006 RSU Plan for Outside Directors.**
- 10.10* Viacom Inc. Senior Executive Short-Term Incentive Plan.**
- 10.11* Viacom Inc. Deferred Compensation Plan for Outside Directors.**
- 10.12* Viacom Inc. 2006 Long-Term Management Incentive Plan.**
 - 10.12.1 Form of Certificate and Terms and Conditions for the Stock Options (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed January 25, 2006) (Commission File No. 001-32686).**
 - 10.12.2 Form of Certificate and Terms and Conditions for the Performance-Based Restricted Share Units (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Viacom Inc. filed January 25, 2006) (Commission File No. 001-32686).**
 - 10.12.3 Form of Certificate and Terms and Conditions for the Performance-Based Restricted Share Units with Time Vesting (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Viacom Inc. filed January 25, 2006) (Commission File No. 001-32686).**
 - 10.12.4 Form of Certificate and Terms and Conditions for the Restricted Share Units with Time Vesting (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Viacom Inc. filed January 25, 2006) (Commission File No. 001-32686).**
 - 10.12.5 Form of Deferral Elections for the Performance-Based Restricted Share Units (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of Viacom Inc. filed January 25, 2006) (Commission File No. 001-32686).**
 - 10.12.6 Form of Deferral Elections for the Performance-Based Restricted Share Units with Time Vesting and the Restricted Share Units with Time Vesting (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K of Viacom Inc. filed January 25, 2006) (Commission File No. 001-32686).**
- 10.13* Viacom Excess Pension Plan.**
- 10.14* Viacom Excess 401(k) Plan for Designated Senior Executives.**
- 10.15* Viacom Bonus Deferral Plan for Designated Senior Executives.**
- 10.16 Employment Agreement with Sumner M. Redstone dated as of December 29, 2005 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of New Viacom Corp. filed December 30, 2005) (File No. 001-32686).**
- 10.17 Employment Agreement, dated July 1, 2004, between Former Viacom and Thomas E. Freston (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Former Viacom filed July 22, 2004) (File No. 001-09553), as amended by a Letter Agreement dated June 14, 2005 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Former Viacom filed June 17, 2005 and each assigned to Viacom Inc.) (File No. 001-09553).**

- 10.18 Employment Agreement, dated August 1, 2004, between Former Viacom and Robert M. Bakish (incorporated by reference to Exhibit 10.31 to Amendment No. 1 to the Registration Statement on Form S-4 of New Viacom Corp. filed on November 23, 2005 and assigned to Viacom Inc.) (File No. 333-128821).**
- 10.19 Employment Agreement, dated May 2, 2005, between Former Viacom and Michael J. Dolan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Former Viacom filed on May 3, 2005 and assigned to Viacom Inc.) (File No. 001-09553).**
- 10.20 Employment Agreement, dated as of May 1, 2000, between Former Viacom and Michael D. Fricklas (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Former Viacom for the quarter ended September 30, 2000), as amended by Amendment dated April 1, 2003 (incorporated by reference to Exhibit 10(a) to the Quarterly Report of Former Viacom for the quarter ended March 31, 2003) (File No. 001-09553) and by Letter Agreement dated April 12, 2005 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Former Viacom filed April 15, 2005 and each assigned to Viacom Inc.) (File No. 001-09553).**
- 21.1* Subsidiaries of Viacom Inc.
- 23.1* Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm for Viacom Inc.
- 24.1* Powers of Attorney.
- 31.1* Certification of the Chief Executive Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2* Certification of the Chief Financial Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1* Certification of the Chief Executive Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2* Certification of the Chief Financial Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
-

* Filed herewith.

** Represents a management contract or compensatory plan or arrangement required to be filed as an exhibit.

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

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

	<u>Reference (Page/s)</u>
Item 15(a) (1) Financial Statements:	
Management's Statement of Responsibility for Financial Reporting	II-33
Report of Independent Registered Public Accounting Firm	II-34
Consolidated Income Statements for the years ended December 31, 2005, 2004 and 2003	II-35
Consolidated Balance Sheets as of December 31, 2005 and 2004	II-36
Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003	II-37
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2005, 2004 and 2003	II-38
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2005, 2004 and 2003	II-39
Notes to Consolidated Financial Statements	II-40 - II-75
Item 15(a) (2) Financial Statement Schedule:	
II. Valuation and Qualifying Accounts	F-2

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

VIACOM INC. AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(Dollars in millions)

Col. A	Col. B	Col. C			Col. D	Col. E
Description	Balance at Beginning of Period	Balance Acquired through Acquisitions	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Allowance for doubtful accounts:						
Year ended December 31, 2005	\$ 124.1	\$ —	\$ 28.5	\$ 1.1	\$ 15.1	\$ 138.6
Year ended December 31, 2004	\$ 136.9	\$ 1.4	\$ 30.1	\$ 7.9	\$ 52.2	\$ 124.1
Year ended December 31, 2003	\$ 126.1	\$ 6.9	\$ 32.1	\$.4	\$ 28.6	\$ 136.9
Reserves for inventory obsolescence:						
Year ended December 31, 2005	\$ 61.9	\$ —	\$ 33.9	\$ (3.6)	\$ 10.3	\$ 81.9
Year ended December 31, 2004	\$ 54.5	\$ —	\$ 7.3	\$.1	\$ —	\$ 61.9
Year ended December 31, 2003	\$ 44.3	\$ —	\$ 10.2	\$ —	\$ —	\$ 54.5

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
NEW VIACOM CORP.**

(Originally incorporated on September 22, 2005 under the name New Viacom Corp.)

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.* The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 5,400,000,000 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:

- (a) 375,000,000 shares of Class A Common Stock, \$0.001 par value ("Class A Common Stock").
-

(b) 5,000,000,000 shares of Class B Common Stock, \$0.001 par value ("Class B Common Stock").

(c) 25,000,000 shares of Preferred Stock, \$0.001 par value ("Preferred Stock").

(2) *Powers and Rights of the Class A Common Stock and the Class B Common Stock.* Except as otherwise expressly provided in this Amended and 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 powers.

(a) *Voting Rights and Powers.* Except as otherwise provided in this Amended and 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 and powers set forth in Section (3) of this Article IV and 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 the number of authorized shares of Class B Common Stock.

(b) *Dividends.* Subject to the rights and preferences of any Preferred Stock set forth 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, other than Share Distributions (as hereinafter defined), as may from time to time be declared by the Board of Directors out of funds legally available therefor. The Board of Directors may, at its discretion, declare a dividend of any securities of the Corporation or of any other corporation, limited liability company, partnership, joint venture, trust or other legal entity (a "Share Distribution") to the holders of shares of Class A Common Stock and Class B Common Stock (i) on the basis of a ratable distribution of identical securities to holders of shares of Class A Common Stock and Class B Common Stock or (ii) on the basis of a distribution of one class or series of securities to holders of shares of Class A Common Stock and another class or series of securities to holders of Class B Common Stock, *provided* that the securities so distributed (and, if the distribution consists of convertible or exchangeable securities, the securities into which such convertible or exchangeable securities are convertible or for which they are exchangeable) do not differ in any respect other than (x) differences in their rights (other than voting rights and powers) consistent in all material respects with differences between Class A Common Stock and Class B Common Stock and (y) differences in their relative voting rights and powers, with holders of shares of Class A Common Stock receiving the class or series of such securities having the higher relative voting rights or powers (without regard to

whether such voting rights or powers differ to a greater or lesser extent than the corresponding differences in the voting rights or powers of Class A Common Stock and Class B Common Stock provided in Section (2)(a) of this Article IV).

(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 at least 5,000 shares of Class A Common Stock outstanding, each record holder of shares of Class A Common Stock may convert any or all of such shares into an equal number of shares of Class B Common Stock by delivering written notice to the Corporation's transfer agent 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, in the case of a request for registration in a name other than that of such record holder, providing proper evidence of succession, assignment or authority to transfer), accompanied by payment of documentary, stamp or similar issue or transfer taxes, if any.

(3) *Powers and Rights of the Preferred Stock.* 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 issuance 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, *provided* that the Corporation shall not issue any Preferred Stock, or Preferred Stock that is convertible into or exchangeable for securities, that, in the aggregate with all other outstanding shares of Preferred Stock, have the ability to elect a number of Directors constituting a majority of the Board of Directors unless the issuance of such Preferred Stock shall have been approved by the holders of a majority of the outstanding shares of Class A Common Stock, voting separately as a class; 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 shares of such series and the times at which such dividends 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 non-cumulative, 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.

(4) *Issuance of Class A Common Stock, Class B Common Stock and Preferred Stock.* 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 Amended and 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.* 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:

(a) To adopt, amend, alter, change or repeal the Bylaws of the Corporation; *provided* that no Bylaws hereafter adopted shall invalidate any prior act of the Directors that would have been valid if such Bylaws 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 Amended and Restated Certificate of Incorporation, and the Bylaws of the Corporation.

(2) *Number 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 until the next annual meeting of stockholders of the Corporation or until their successors are duly elected and shall qualify, unless sooner displaced. As used in this Amended and 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 Bylaws.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

(1) *Right to Indemnification.* The Corporation shall indemnify any person who was or is involved in or is threatened to be involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer (including, without limitation, a trustee) of another corporation, limited liability company, partnership, joint venture, trust or other enterprise (such person, an "indemnitee"), to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), 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. Notwithstanding the foregoing, except as provided in Section (7) of this Article VI with respect to proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee, if and only if the Board of Directors authorized the bringing of the action, suit or proceeding (or part thereof) in advance of the commencement of the proceeding.

(2) *Successful Defense.* To the extent that an indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section (1) 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.

(3) *Advance Payment of Expenses.* Expenses (including attorneys' fees) incurred by a present or former Director or officer of the Corporation 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; *provided, however*, that, to the extent required by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, a present Director or officer of the Corporation shall be required to

submit to the Corporation, prior to the payment of such expenses, an undertaking (an "undertaking") by or on behalf of such Director or officer to repay such amount if it shall ultimately be determined in a final, non-appealable judicial decision that such Director or officer is not entitled to be indemnified by the Corporation for such expenses as authorized in this Article VI; *provided, further*, that a former Director or officer of the Corporation shall be required to submit to the Corporation, prior to the payment of such expenses, an undertaking to the extent an undertaking would be required of a present Director or officer of the Corporation pursuant to this Section (3).

(4) *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, bylaw, 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 or officer 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, suit or proceeding by or in the right of the Corporation, that arises by reason of the fact that such person is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, to the fullest extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

(5) *Insurance.* The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, limited liability company, 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.

(6) *Certain Definitions.* For the purposes of this Article VI, (a) any Director, officer or employee of the Corporation who shall serve or has served as a director or officer of any other corporation, limited liability company, partnership, 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 current or former director or officer of any subsidiary corporation, limited liability company, partnership, joint venture, trust or other enterprise wholly owned by the Corporation, shall be deemed to be serving as such director or officer 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 or has served as a director or officer of another corporation, limited liability company, partnership, 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 or officer 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 (including any constituent of a constituent) as well as the resulting or surviving corporation so that any person who is or was a director or officer of such a constituent corporation, or is or was serving at the request of such constituent corporation as a director or officer of another corporation, limited liability company, partnership, 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 or officer of the Corporation which imposes duties on, or involves services by, such Director or officer 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.

(7) *Proceedings to Enforce Rights to Indemnification.* (a) If a claim under Section (1) of this Article VI is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, or a claim under Section (3) of this Article VI is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. Any such written claim under Section (1) of this Article VI shall include such documentation and information as is reasonably available to the indemnitee and reasonably necessary to determine whether and to what extent the indemnitee is entitled to indemnification. Any written claim under Sections (1), (2) and (3) of this Article VI shall include reasonable documentation of the expenses incurred by the indemnitee.

(b) If successful in whole or in part in any suit brought pursuant to Section (7)(a) of this Article VI, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall also be entitled to be paid and indemnified for the expense of prosecuting or defending such suit.

(c) In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Delaware. Neither the failure of the Corporation (including its Directors who are not parties to such action, a committee of such Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Directors who are not parties to such action, a committee of such Directors, independent legal counsel or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable

standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI or otherwise shall be on the Corporation.

(8) *Preservation of Rights.* 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 or officer of the Corporation, or has ceased to serve at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, and shall inure to the benefit of the heirs, executors and administrators of such a person. Any repeal or modification of this Article VI by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of a Director or officer of the Corporation, or any person serving at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, existing at the time of such repeal or modification.

ARTICLE VII

DIRECTOR LIABILITY TO THE CORPORATION

(1) *Limitation on Liability.* 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. 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 (a) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the General Corporation Law of the State of Delaware, as the same exists or hereafter may be amended, or (d) for any transaction from which the Director derived an improper personal benefit.

(2) *Repeal or Modification.* Any repeal or modification of the foregoing Section (1) 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.

(3) *Amendment.* 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 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**

(1) *Reservation of Right to Amend.* The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of this Amended and Restated Certificate of Incorporation and all rights and powers conferred in this Amended and Restated Certificate of Incorporation on stockholders, directors and officers are subject to this reserved power.

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

ARTICLE IX

VOTING RIGHTS

In addition to any other approval required by law or by this Amended and 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.

ARTICLE X

**STOCK OWNERSHIP
AND THE FEDERAL COMMUNICATIONS LAWS**

(1) *Restrictions on Stock Ownership or Transfer.* As contemplated by this Article X, the Corporation may restrict the ownership, or proposed ownership, of shares of capital stock of the Corporation by any person if such ownership or proposed ownership (a) is or could be inconsistent with, or in violation of, any provision of the Federal Communications Laws (as hereinafter defined), (b) limits or impairs or could limit or impair any business activities or proposed business activities of the Corporation under the Federal Communications Laws or (c) subjects or could subject the Corporation to any regulation under the Federal Communications Laws to which the Corporation would not be subject but for such ownership or proposed ownership (clauses (a), (b) and (c) collectively, "FCC Regulatory Limitations"). 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), including, without limitation, the Communications Act of 1934, as amended (the "Communications Act"), and regulations thereunder, pertaining to the ownership and/or operation or regulating the business activities of (x) any television or radio station, daily newspaper, cable television system or other medium of mass communications or (y) any provider of programming content to any such medium.

(2) *Requests for Information.* If the Corporation believes that the ownership or proposed ownership of shares of capital stock of the Corporation by any person may result in an FCC Regulatory Limitation, such person 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 request.

(3) *Denial of Rights, Refusal to Transfer.* If (a) any person from whom information is requested pursuant to Section (2) of this Article X should not provide all the information requested by the Corporation, or (b) the Corporation shall conclude that a stockholder's ownership or proposed ownership of, or that a stockholder's exercise of any rights of ownership with respect to, shares of capital stock of the Corporation results or could result in an FCC Regulatory Limitation, then, in the case of either clause (a) or clause (b), the Corporation may (i) refuse to permit the transfer of shares of capital stock of the Corporation to such proposed stockholder, (ii) suspend those rights of stock ownership the exercise of which causes or could cause such FCC Regulatory Limitation, (iii) require the conversion of any or all shares of Class A Common Stock held by such stockholder into an equal number of shares of Class B Common Stock, (iv) redeem such shares of capital stock of the Corporation held by such stockholder in accordance with the terms and conditions set forth in this Section (3), and/or (v) 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 causes or could cause an FCC Regulatory Limitation. Any such refusal of transfer or suspension of rights pursuant to clauses (i) and (ii), respectively, of the immediately preceding sentence shall 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, will not result in an FCC Regulatory Limitation. The terms and conditions of redemption pursuant to clause (iv) of this Section (3) shall be as follows:

(i) the redemption price of any shares to be redeemed pursuant to this Section (3) shall be equal to the Fair Market Value (as hereinafter defined) of such shares;

(ii) the redemption price of such shares may be paid in cash, Redemption Securities (as hereinafter defined) or any combination thereof;

(iii) if less than all such shares are to be redeemed, the shares to be redeemed shall be selected in such manner as shall be determined by the Board of Directors, which may include selection first of the most recently purchased shares thereof, selection by lot or selection in any other manner determined by the Board of Directors;

(iv) at least 15 days' written notice of the Redemption Date (as hereinafter defined) shall be given to the record holders of the shares selected to be redeemed (unless waived in writing by any such holder); *provided* that the Redemption Date may be the date on which written notice shall be given to record holders if the cash or Redemption Securities necessary to effect the redemption shall have been deposited in trust for the benefit of such record holders and subject to immediate withdrawal by them upon surrender of the stock certificates for their shares to be redeemed;

(v) from and after the Redemption Date, any and all rights of whatever nature in respect of the shares selected for redemption (including, without limitation, any rights to vote or participate in dividends declared on stock of the same class or series as such shares), shall cease and terminate and the holders of such shares shall thenceforth be entitled only to receive the cash or Redemption Securities payable upon redemption; and

(vi) such other terms and conditions as the Board of Directors shall determine.

For purposes of this Section (3):

(A) "Fair Market Value" shall mean, with respect to a share of the Corporation's capital stock of any class or series, the volume weighted average sales price for such a share on the New York Stock Exchange or, if such stock is not listed on such exchange, on the principal U.S. registered securities exchange on which such stock is listed, during the 30 most recent days on which shares of stock of such class or series shall have been traded preceding the day on which notice of redemption shall be given pursuant to this Section (3); *provided, however*, that if shares of stock of such class or series are not traded on any securities exchange, "Fair Market Value" shall be determined by the Board of Directors in good faith; and *provided, further*, that "Fair Market Value" as to any stockholder who purchased his stock within 120 days of a Redemption Date need not (unless otherwise determined by the Board of Directors) exceed the purchase price paid by him.

(B) "Redemption Date" shall mean the date fixed by the Board of Directors for the redemption of any shares of stock of the Corporation pursuant to this Section (3).

(C) "Redemption Securities" shall mean any debt or equity securities of the Corporation, any subsidiary of the Corporation or any other corporation or other entity, or any combination thereof, having such terms and conditions as shall be approved by the Board of Directors and which, together with any cash to be paid as part of the redemption price, in the opinion of any nationally recognized investment banking firm selected by the Board of Directors (which may be a firm which provides other investment banking, brokerage or other services to the Corporation), has a value, at the time notice of redemption is given pursuant to this Section (3), at least equal to the Fair Market Value of the shares to be redeemed pursuant to this Section (3) (assuming, in the case of

Redemption Securities to be publicly traded, such Redemption Securities were fully distributed and subject only to normal trading activity).

(4) *Legends.* The Corporation shall instruct the Corporation's transfer agent that the shares of capital stock of the Corporation are subject to the restrictions set forth in this Article X and such restrictions shall be noted conspicuously on the certificate or certificates representing such capital stock or, in the case of uncertificated securities, contained in the notice or notices sent as required by applicable law.

(5) *Certain Definitions.* For purposes of this Article, the word "person" shall include not only natural persons but partnerships (limited or general), associations, corporations, limited liability companies, joint ventures and other legal 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

CORPORATE OPPORTUNITIES AND CONFLICTS OF INTEREST

(1) *Competing Activities and Corporate Opportunities.* (a) Except as otherwise agreed in writing by the Corporation and CBS Corporation, (i) neither the Corporation nor CBS Corporation shall have any duty to refrain from engaging directly or indirectly in the same or similar activities or lines of business as the other corporation, doing business with any potential or actual customer or supplier of the other corporation, or employing or engaging or soliciting for employment any officer or employee of the other corporation, and (ii) no officer or director of the Corporation or CBS Corporation shall be liable to the other corporation or to the other corporation's stockholders for breach of any fiduciary duty by reason of any such activities of the Corporation or CBS Corporation, as the case may be.

(b) In the event that an Interested Person acquires knowledge of a potential corporate transaction or matter that may be a corporate opportunity for both the Corporation and CBS Corporation (whether such opportunity is proposed by a third party or is conceived of by such Interested Person) (an "Opportunity"),

(i) the Corporation hereby renounces any interest in or expectancy with respect to such Opportunity if such Interested Person (A) presents such Opportunity to CBS Corporation or (B) does not communicate information regarding such Opportunity to the Corporation because the Interested Person has directed the Opportunity to CBS Corporation, and

(ii) such Interested Person may present such Opportunity to either the Corporation or to CBS Corporation or to both, as such Interested Person deems appropriate under the circumstances in such Interested Person's sole discretion, and by doing so such Interested Person (A) shall have fully satisfied and fulfilled such person's fiduciary duty to the Corporation and its stockholders with respect to such Opportunity, (B) shall not be liable to the Corporation or its stockholders for breach of any fiduciary

duty, or for failure to act in (or not opposed to) the best interests of the Corporation, or for the derivation of any improper personal benefit if CBS Corporation pursues or acquires such Opportunity for itself or directs such Opportunity to another person or does not communicate information regarding such Opportunity to the Corporation, and (C) shall be deemed to have acted in good faith and in a manner such person reasonably believes to be in and not opposed to the best interests of the Corporation and its stockholders.

(c) This Article XI shall not limit any protections or defenses available to, or indemnification rights of, any director or officer of the Corporation under this Amended and Restated Certificate of Incorporation or applicable law.

(2) *Definitions.* For purposes of this Article XI only:

(a) "CBS Corporation" shall mean CBS Corporation (formerly named "Viacom Inc.") and all corporations, limited liability companies, partnerships, joint ventures, associations and other entities in which CBS Corporation beneficially owns (directly or indirectly) 50% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or which CBS Corporation otherwise controls.

(b) "Controlling Stockholder" shall mean any person who has beneficial ownership (as that term is used in Section 13(d) of the Securities Exchange Act of 1934) of 25% or more of the outstanding voting stock or voting power of both the Corporation and CBS Corporation.

(c) "Corporation" shall mean Viacom Inc. and all corporations, limited liability companies, partnerships, joint ventures, associations and other entities in which Viacom Inc. beneficially owns (directly or indirectly) 50% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or which Viacom Inc. otherwise controls.

(d) "Interested Person" shall mean a person who is a director, officer or Controlling Stockholder of the Corporation and is also a director, officer or Controlling Stockholder of CBS Corporation.

(e) "person" means any individual, partnership (whether general, limited or otherwise), corporation, limited liability company or other entity, government, or political subdivision, agency, or instrumentality of a government or any two or more such "persons" acting as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer.

(3) *Notice.* Any person purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have, and may be charged with, notice of and to have consented to the provisions of this Article XI.

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.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of the Certificate of Incorporation of the Corporation, and which has been duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law, to be executed by Michael D Fricklas, its Executive Vice President, General Counsel and Secretary, this 30th day of December, 2005. This Amended and Restated Certificate of Incorporation shall not become effective until, and shall become effective at, 11:59 p.m. on December 31, 2005.

NEW VIACOM CORP.

By /s/ Michael D. Fricklas

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

**AMENDED AND RESTATED
BYLAWS
OF
VIACOM INC.**

ARTICLE I

OFFICES

Section 1. The registered offices of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Meetings of stockholders may be held at such time and place, within and without the State of Delaware, as shall be stated in the notice of the meeting or in a valid waiver of notice thereof. The annual meeting of stockholders may be held at such place, within or without the State of Delaware, as shall be designated by the board of directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. The annual meeting of stockholders for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting shall be held at such date and hour as shall be determined by the board of directors.

Section 3. Notice of the annual meeting stating the place, date and hour of the meeting shall be given by any lawful means to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, at the principal place of business of the Corporation. The list shall also be produced and kept open at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Amended and Restated Certificate of Incorporation, may be called by the affirmative vote of a majority of the board of directors, the Chairman of the Board, the Chief Executive Officer or the Vice Chair of the Board and shall be called by the Chairman of the Board, the Chief Executive Officer, the Vice Chair of the Board or Secretary at the request in writing of the holders of record of at least 50.1% of the aggregate voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, acting together as a single class. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given by any lawful means not less than ten nor more than sixty days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the aggregate voting power of the shares of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Amended and Restated Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the aggregate voting power of the shares of the capital stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by provision of applicable law or of the Amended and Restated Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. At every meeting of the stockholders, each stockholder shall be entitled to vote, in person or by a valid proxy given by the stockholder or his duly authorized attorney-in-fact, each share of the capital stock having voting power held by such stockholder in accordance with the provisions of the Amended and Restated Certificate of Incorporation and, if applicable, the certificate of designations relating thereto, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 11. Any action required to be taken at any annual or special meeting of the stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing (or deemed to be in writing under applicable law), setting forth the action so taken, shall be signed by stockholders (or deemed to be signed by stockholders under applicable law) representing not less than the minimum number of votes that would be necessary to authorize or take such actions at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered and dated as required by law. Prompt notice of the taking of such action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. The Secretary shall file such consents with the minutes of the meetings of the stockholders.

Section 12. At all meetings of stockholders, the chairman of the meeting shall have absolute authority over matters of procedure, and there shall be no appeal from the ruling of the chairman.

Section 13. Attendance of a stockholder, in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where the stockholder, in person or by proxy, attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE III

DIRECTORS

Section 1. The number of directors which shall constitute the entire board of directors shall be fixed as set forth in Article V of the Amended and Restated Certificate of Incorporation.

Section 2. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation then outstanding (other than Common Stock), vacancies in the board of directors for any reason, including by reason of an increase in the authorized number of directors, shall, if occurring prior to the expiration of the term of office in which the vacancy occurs, be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual meeting of stockholders of the Corporation or until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3. The property and business of the Corporation shall be controlled and managed in accordance with the terms of the Amended and Restated Certificate of Incorporation by its board of directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Amended and Restated Certificate of Incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the Corporation, or any committees thereof, may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. A regular annual meeting of the board of directors, including newly elected directors, shall be held in connection with each annual meeting of stockholders at the place of such stockholders' meeting, and no notice of such meeting to the directors shall be necessary in order legally to constitute the meeting, *provided* that a quorum shall be present. If such meeting is held at any other time or place, notice thereof must be given or waived as hereinafter provided for special meetings of the board of directors.

Section 6. Additional regular meetings of the board of directors shall be held on such dates and at such times and at such places as shall from time to time be determined by the board of directors.

Section 7. The Chairman of the Board, the Chief Executive Officer or the Vice Chair of the Board may call a special meeting of the board of directors at any time by giving notice as provided in these bylaws, specifying the business to be transacted at and the purpose or purposes of the meeting, to each member of the board at least twenty-four (24) hours before the time appointed.

Section 8. At all meetings of the board a majority of the entire board of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute, the Amended and Restated Certificate of Incorporation or these bylaws. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, setting forth the action so taken, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee.

Section 10. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these bylaws, members of the board of directors, or any committee thereof, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 11. Designation of Committees. The board of directors may, by resolution passed by a majority of the board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board of directors may designate one or

more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Section 12. Vacancies. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member.

Section 13. Powers. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors to the extent provided by Section 141(c) of the General Corporation Law of the State of Delaware as it exists now or may hereafter be amended.

Section 14. Minutes. Each committee of the board of directors shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 15. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these bylaws, the board of directors shall have the authority to fix the compensation of directors. All directors may be paid their expenses, if any, of attendance at each meeting of the board of directors, and directors who are not full-time employees of the Corporation may be paid a fixed sum for attendance at each meeting of the board of directors, and/or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation and expenses for attending committee meetings.

REMOVAL OF DIRECTORS

Section 16. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, any or all directors may be removed from office at any time prior to the expiration of his or their term of office, with or without cause, only by the affirmative vote of the holders of record of outstanding shares representing at least a majority of all the aggregate voting power of outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting together as a single class at a special meeting of stockholders called expressly for that purpose; *provided* that, any director may be removed from office by the affirmative vote of a majority of the board of directors, at any time prior to the expiration of his term of office, as provided by law, in the event a director is in breach of any agreement between such director and the Corporation relating to such director's service as a director or employee of the Corporation.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of applicable law, the Amended and Restated Certificate of Incorporation or these bylaws, notice is required to be given to (a) any director, it shall be construed to mean oral notice given telephonically or written or printed notice given either personally or by mail, wire, telephone or electronic transmission, or (b) any stockholder, it shall be construed to mean written or printed notice given either personally or by mail, wire or electronic transmission in the manner and to the extent provided by Section 232 of the Delaware General Corporation Law, in each case, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage or other charges thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail or at the appropriate office for transmission by wire or, in the case of electronic transmission, at the time specified by Section 232 of the Delaware General Corporation Law.

Section 2. Whenever any notice is required to be given under the provisions of applicable law or of the Amended and Restated Certificate of Incorporation or of these bylaws, a waiver thereof in writing or by electronic transmission, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 3. Attendance at a meeting shall constitute a waiver of notice except where a director or stockholder attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Neither the business to be transacted at, nor the purpose of, any regular meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

ARTICLE V

OFFICERS

Section 1. The officers of the Corporation shall be elected by the board of directors at its first meeting in connection with each annual meeting of the stockholders and shall be a Chief Executive Officer, a Chief Financial Officer and/or a Treasurer and a Secretary. The board of directors may also elect a Chairman of the Board, one or more Vice Chairmen or Vice Chairs of the Board, one or more Presidents and Vice Presidents and one or more Assistant Treasurers and Assistant Secretaries, and such other officers as the board of directors deems appropriate. Any number of offices may be held by the same person. Vice Presidents may be given distinctive designations such as Executive Vice President or Senior Vice President. At the time of election, the board of directors may determine that the Chairman of the Board shall be a Non-Executive Chairman of the Board or that the Vice Chair of the Board shall be a Non-Executive Vice Chair of the Board.

Section 2. The board of directors may elect such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 3. The officers of the Corporation shall hold office until their successors are elected or appointed and qualify or until their earlier resignation or removal. Any officer elected or appointed by the board of directors may be removed at any time with or without cause by the affirmative vote of majority of the board of directors. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors.

CHAIRMAN OF THE BOARD

Section 4. The Chairman of the Board, if any shall be elected, shall preside at all meetings of the board of directors and the stockholders and shall have such other powers and perform such other duties as may from time to time be assigned to him by the board of directors.

VICE CHAIR OF THE BOARD

Section 5. The Vice Chair of the Board, if any shall be elected, or if there be more than one, the Vice Chairs of the Board in order of their election, shall, in the absence of the Chairman of the Board, or in case the Chairman of the Board shall resign, retire, become deceased or otherwise cease or be unable to act, perform the duties and exercise the powers of the Chairman of the Board. In addition, the Vice Chair of the Board shall have such other powers and perform such other duties as may from time to time be assigned to him by the board of directors.

THE CHIEF EXECUTIVE OFFICER

Section 6. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall have the general powers and duties of supervision, management and control of the business and affairs of the Corporation, subject to the control of the board of directors. The Chief Executive Officer shall perform the duties and exercise the powers incident to the office of Chief Executive Officer and shall have such other powers and perform such other duties as may from time to time be assigned to him by the board of directors or these bylaws.

THE PRESIDENT

Section 7. The President, if any shall be elected, shall, under the direction of the Chief Executive Officer, be responsible for the operations of the Corporation and shall have all the powers, rights, functions and responsibilities normally exercised by a president. The President shall have such other powers and perform such other duties as may from time to time be assigned to the President by the Chief Executive Officer, the board of directors or these bylaws.

THE VICE PRESIDENTS

Section 8. The Vice Presidents, if any shall be elected, shall have such powers and perform such duties as may from time to time be assigned to them by the board of directors or the Chief Executive Officer.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The Secretary, if any shall be elected, shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees of the board of directors when required. He shall give, or cause to be given, notice of all meetings of the stockholders and the special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the Chief Executive Officer, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The board of directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 10. The Assistant Secretary, if any shall be elected, or if there be more than one, the Assistant Secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall have such other powers and perform such other duties as may from time to time be assigned to them by the board of directors, the Chief Executive Officer or the Secretary.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The Treasurer, under the supervision of the Chief Executive Officer, shall have charge of the corporate funds and securities and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by or at the direction of the board of directors.

Section 12. The Treasurer shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by or at the direction of the Chief Executive Officer or the board of directors, taking proper vouchers for such disbursements, and subject to the supervision of the Chief Executive Officer, shall render to the board of directors, when they or either of them so require, an account of his transactions as Treasurer and of the financial condition of the Corporation.

Section 13. If required by the board of directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books,

papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 14. The Assistant Treasurer, if any shall be elected, or if there shall be more than one, the Assistant Treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall have such other powers and perform such other duties as may from time to time be assigned to them by the board of directors, the Chief Financial Officer or the Treasurer.

Section 15. In addition to the corporate officers elected by the board of directors pursuant to this Article V, the Chief Executive Officer may, from time to time, appoint one or more other persons as appointed officers who shall not be deemed to be corporate officers, but may, respectively, be designated with such titles as the Chief Executive Officer may deem appropriate. The Chief Executive Officer may prescribe the powers to be exercised and the duties to be performed by each such appointed officer, may designate the term for which each such appointment is made, and may, from time to time, terminate any or all of such appointments. Such appointments and termination of appointments shall be reported to the board of directors.

ARTICLE VI

TRANSFERS OF STOCK

Section 1. Unless otherwise provided by resolution of the board of directors, each class or series of the shares of capital stock in the Corporation shall be issued in uncertificated form pursuant to the customary arrangements for issuing shares in such form. Shares shall be transferable only on the books of the Corporation by the holder thereof in person or by attorney upon presentment of proper evidence of succession, assignment or authority to transfer in accordance with the customary procedures for transferring shares in uncertificated form.

FIXING RECORD DATE

Section 2. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution, or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meetings, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the board of directors may fix a new record date for the adjourned meeting.

Section 3. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

INDEMNIFICATION OF EMPLOYEES

Section 1. *Right to Indemnification.* The Corporation shall indemnify any present or former employee of the Corporation who was or is involved in or is threatened to be involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an employee of the Corporation, or is or was serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise (such person, an "indemnitee"), to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), 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. Notwithstanding the foregoing, except as provided in Section 7 of this Article VII with respect to proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee, if and only if the board of directors authorized the bringing of the action, suit or proceeding (or part thereof) in advance of the commencement of the proceeding.

Section 2. *Successful Defense.* To the extent that an indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 of this Article VII, 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.

Section 3. *Advance Payment of Expenses.* Expenses (including attorneys' fees) incurred by an indemnitee 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, by resolution of the board of directors.

Section 4. *Not Exclusive.* The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article VII 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, bylaw, 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 employee 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, suit or proceeding by or in the right of the Corporation, that arises by reason of the fact that such person is or was an employee of the Corporation, or is or was serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, to the fullest extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

Section 5. *Insurance.* The Corporation may purchase and maintain insurance on behalf of any person who is or was an employee of the Corporation, or is or was serving at the request of the Corporation as an employee of another corporation, limited liability company, 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 VII.

Section 6. *Certain Definitions.* For the purposes of this Article VII, (a) any employee of the Corporation who shall serve or has served as an employee of any other corporation, limited liability company, partnership, 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 current or former employee of any subsidiary corporation, limited liability company, partnership, joint venture, trust or other enterprise wholly owned by the Corporation, shall be deemed to be serving as such employee 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 or has served as an employee of another corporation, limited liability company, partnership, 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 employee 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 VII, references to a corporation include all constituent corporations absorbed in a consolidation or merger (including any constituent of a constituent) as well as the resulting or surviving corporation so that any person who is or was an employee of such a constituent corporation, or is or was serving at the request of such constituent corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VII 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 VII, 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 an employee of the Corporation which imposes duties on, or involves services by, such employee 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 VII.

Section 7. *Proceedings to Enforce Rights to Indemnification.* (a) If a claim under Section 1 of this Article VII is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, or a claim under Section 3 of this Article VII is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. Any such written claim under Section 1 of this Article VII shall include such documentation and information as is reasonably available to the indemnitee and reasonably necessary to determine whether and to what extent the indemnitee is entitled to indemnification. Any written claim under Sections 1, 2 and 3 of this Article VII shall include reasonable documentation of the expenses incurred by the indemnitee.

(b) If successful in whole or in part in any suit brought pursuant to Section 7(a) of this Article VII, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking to the extent an undertaking would be required of a present director or officer of the Corporation pursuant to Article VI of the Amended and Restated Certificate of Incorporation of the Corporation (an "undertaking"), the indemnitee shall also be entitled to be paid and indemnified for the expense of prosecuting or defending such suit.

(c) In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Delaware. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not

entitled to be indemnified, or to such advancement of expenses, under this Article VII or otherwise shall be on the Corporation.

Section 8. *Preservation of Rights.* The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be an employee of the Corporation, or has ceased to serve at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, and shall inure to the benefit of the heirs, executors and administrators of such a person. Any repeal or modification of this Article VII by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of an employee of the Corporation, or any person serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, existing at the time of such repeal or modification.

ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Amended and Restated Certificate of Incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of any statute, the Amended and Restated Certificate of Incorporation and these bylaws.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money of the Corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the Corporation shall be as specified by the board of directors.

Section 5. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IX

AMENDMENTS

In furtherance of and not in limitation of the powers conferred by statute, the board of directors of the Corporation from time to time may adopt, amend, alter, change or repeal the bylaws of the Corporation; *provided*, that any bylaws adopted, amended, altered, changed or repealed by the board of directors or the stockholders of the Corporation may be amended, altered, changed or repealed by the stockholders of the Corporation. Notwithstanding any other provisions of the Amended and Restated Certificate of Incorporation of the Corporation or these bylaws (and notwithstanding the fact that a lesser percentage may be specified by law, the Amended and Restated Certificate of Incorporation or these bylaws), the affirmative vote of not less than a majority of the aggregate voting power of all outstanding shares of capital stock of the Corporation then entitled to vote generally in this election of directors, voting together as a single class, shall be required for the stockholders of the Corporation to amend, alter, change, repeal or adopt any bylaws of the Corporation.

Summary of Viacom Inc. Compensation for Outside Directors
(As of January 1, 2006)

Cash Compensation

- An annual retainer of \$60,000, payable in equal installments quarterly in advance, plus a per meeting attendance fee of \$2,000;
- The Chairs of the Audit and Compensation Committees each receive an annual retainer of \$20,000, payable in equal installments quarterly in advance, and the members of those committees receive a per meeting attendance fee of \$2,000; and
- The Chair of the Governance and Nominating Committee receives an annual retainer of \$15,000, payable in equal installments quarterly in advance, and the members of that committee receive a per meeting attendance fee of \$1,500.

Outside directors may elect to defer their cash compensation under the Viacom Inc. Deferred Compensation Plan for Outside Directors.

Equity Compensation

Stock Options:

- an initial grant of 7,928 stock options to purchase shares of Class B common stock on the date the director first joins the Board or becomes an outside director, which options vest one year from the date of grant; and
- an annual grant of 3,171 stock options to purchase shares of Class B common stock on January 31 of each year, which options vest in equal annual installments over a period of three years.

The exercise price of the stock options is the closing price of Viacom's Class B common stock on the New York Stock Exchange on the date of grant.

Restricted Share Units (RSUs):

- an annual grant of RSUs on January 31st of each year equal to \$55,000 in value based on the closing price of the Class B common stock on the New York Stock Exchange on the date of grant, which RSUs vest one year from the date of grant.

RSUs are payable to outside directors in shares of Class B common stock upon vesting unless the outside director elects to defer settlement of the RSUs to a future date. Outside directors are entitled to receive dividend equivalents on the RSUs in the event the Company pays a regular cash dividend on its Class B common stock.

VIACOM INC.
2006 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS

ARTICLE I

GENERAL

Section 1.1 Purpose.

The purpose of the Viacom Inc. 2006 Stock Option Plan for Outside Directors (the "Plan") is to benefit and advance the interests of Viacom Inc., a Delaware corporation (the "Company"), and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries.

Section 1.2 Definitions.

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

- (a) "Annual Grant" shall have the meaning set forth in Section 2.1.
- (b) "Board" shall mean the Board of Directors of the Company.
- (c) "Class B Common Stock" shall mean the shares of Class B Common Stock, par value \$0.001 per share, of the Company.
- (d) "Date of Grant" shall have the meaning set forth in Section 2.1.
- (e) "Effective Date" shall mean the effective date of the Plan provided for in Article VII below.
- (f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, including any successor law thereto.
- (g) "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 Wall Street Journal (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company.
- (h) "Initial Grant" shall have the meaning set forth in Section 2.1.
- (i) "Outside Director" shall mean any member of the Board who is not an employee of the Company or any of its subsidiaries.
- (j) "Participant" shall mean any Outside Director to whom Stock Options have been granted under the Plan.
- (k) "RSU Plan" means the Viacom Inc. 2006 RSU Plan for Outside Directors.

(l) "Separation" means the series of transactions by which the Company was separated from the former Viacom Inc. (renamed CBS Corporation), which prior to such transactions had been the parent corporation of the Company.

(m) "Separation Date" means the closing date of the transactions by which the Separation was effected.

(n) "Stock Option" shall mean a contractual right granted to a Participant under the Plan to purchase shares of Class B Common Stock or other securities at such time and price, and subject to the terms and conditions, as are set forth in the Plan.

(o) "Substitute Options" means Stock Options granted upon assumption of, or in substitution for, outstanding stock options previously granted by a company or other entity all or a portion of the assets or equity of which is acquired by the Company, with which the Company merges or otherwise combines or from which the Company is spun-off or otherwise separated.

Section 1.3 Administration of the Plan.

The Plan shall be administered by the members of the Board who are not Outside Directors and such Board members shall determine all questions of interpretation, administration and application of the Plan. The Board may authorize any officer of the Company to execute and deliver a stock option certificate on behalf of the Company to a Participant.

Section 1.4 Eligible Persons.

Stock Options shall be granted only to Outside Directors.

Section 1.5 Class B Common Stock Subject to the Plan.

Subject to adjustment in accordance with the provisions of Article III hereof, the maximum number of shares of Class B Common Stock which may be issued under the Plan, when aggregated with the number of shares of Class B Common Stock that may be issued under the RSU Plan, shall be 500,000 shares. Any shares of Class B Common Stock underlying Substitute Options shall not be counted against this limit. 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. Exercise of Stock Options in any manner shall result in a decrease in the number of shares of Class B Common Stock which thereafter may be issued for purposes of this Section 1.5, by the number of shares as to which the Stock Options are exercised. Shares of Class B Common Stock with respect to which Stock Options expire or are cancelled without being exercised or are otherwise terminated, may be regranted under the Plan.

ARTICLE II

PROVISIONS APPLICABLE TO STOCK OPTIONS

Section 2.1 Grants of Stock Options.

Each person who is elected as or who becomes an Outside Director, in each case for the first time on or subsequent to the Effective Date, shall be granted Stock Options to purchase 7,928 shares of Class B Common Stock (an "Initial Grant"), on the date of such individual's election or appointment to the Board or on the date such person first becomes an Outside Director, as appropriate (the "Date of

Grant" of such Stock Options). Each person who is an Outside Director on or after the Effective Date hereof and each January 31 thereafter for five years from the Effective Date (each January 31st being the "Date of Grant" of the respective Stock Options) shall be granted additional Stock Options to purchase a number of shares of Class B Common Stock (each, an "Annual Grant") for 3,171 shares of Class B Common Stock. Each Initial Grant and each Annual Grant shall be subject to the terms and conditions set forth in the Plan and shall have an option price per share equal to the Fair Market Value of a share of Class B Common Stock on the Date of Grant or, if the Date of Grant is not a business day on which the Fair Market Value can be determined, on the last business day preceding the Date of Grant on which the Fair Market Value can be determined. Notwithstanding the foregoing, the option price of a Stock Option that is a Substitute Option may be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant, *provided* that the excess of:

(i) the aggregate Fair Market Value (as of the Date of Grant of such Substitute Option) of the shares of Class B Common Stock subject to the Substitute Option, over

(ii) the aggregate option price thereof,

does not exceed the excess of:

(iii) the aggregate fair market value (as of the time immediately preceding the transaction pursuant to which the Substitute Option was granted, such fair market value to be determined by the Committee) of the shares of the predecessor entity that were subject to the award assumed or substituted for by the Company, over

(iv) the aggregate option price of such shares.

All Stock Options granted under the Plan shall be "Non-Qualified Stock Options" which do not meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. The terms and conditions of the Stock Options shall be set forth in an option certificate which shall be delivered to the Participant reasonably promptly following the Date of Grant of such Stock Options.

Section 2.2 Exercise of Stock Options.

(a) *Exercisability.* Stock Options shall be exercisable only to the extent the Participant is vested therein. Subject to Section 2.2(c), each Initial Grant of Stock Options under the Plan shall vest and become exercisable on the first anniversary of the Date of Grant. Subject to Section 2.2(c), each Annual Grant shall vest and become exercisable in three equal annual installments, on the first, second and third anniversaries of the Date of Grant.

(b) *Option Period.*

(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.* Any attempt to exercise a Stock Option or to transfer any shares issued upon exercise of a Stock Option by any Participant 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 Board, in its sole discretion, determines, or the Participant desiring to exercise such Stock Options, upon the request of the Board, provides an opinion of counsel satisfactory to the Board,

that such registration or qualification is not required as a result of the availability of any exemption from registration or qualification under such laws. Without limiting the foregoing, if at any time the Board shall determine, in its sole discretion, that the listing, registration or qualification of the shares of Class B Common Stock under any 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 exercisable 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 Board.

(c) *Exercise in the Event of Termination of Services.*

(i) *Termination other than for Death or Disability.* If the services of a Participant as a director of the Company terminate for any reason other than for death or disability, the Participant may exercise his or her Stock Options until the first anniversary of the date of such termination, but only to the extent such Stock Options were vested on the termination date, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). Upon a termination described in this Section 2.2(c)(i), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(ii) *Death.* If a Participant dies while serving as a director, his or her Stock Options may be exercised by any person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution until the first anniversary of the date of death, but only to the extent such Stock Options were vested on the date of death, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). All rights with respect to Stock Options that are not vested as of the date of death will terminate on such date of death.

(iii) *Permanent Disability.* If the services of Participant as a director of the Company terminate by reason of permanent disability, the Participant may exercise his or her Stock Options until the first anniversary of the date of such termination, but only to the extent such Stock Options were vested on the termination date, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). Upon a termination described in this Section 2.2(c)(iii), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(d) *Payment of Purchase Price Upon Exercise.* Every share of Class B Common Stock purchased through the exercise of a Stock Option shall be paid for in full in cash on or before the settlement date for such share of Class B Common Stock. In addition, the Participant shall make an arrangement acceptable to the Company to pay to the Company an amount sufficient to satisfy the combined federal, state and local withholding tax obligations which arise in connection with exercise of such Stock Options.

ARTICLE III

EFFECT OF CERTAIN CORPORATE CHANGES

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization or reclassification that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to (i) the number and kind of securities subject to any Stock Options, (ii) the exercise price of any Stock Options, (iii) the

number and kind of securities subject to the Initial Grants and the Annual Grants referred to in Section 2.1, and (iv) the maximum number and kind of securities available for issuance under the Plan referred to in Section 1.5, 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, but not increase, the benefits or potential benefits intended to be made available hereunder upon the occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants.

ARTICLE IV

SUBSTITUTE OPTIONS

Notwithstanding any terms or conditions of the Plan to the contrary, the Committee may provide for Substitute Options under the Plan upon assumption of, or in substitution for, outstanding stock options previously granted by a company or other entity all or a portion of the assets or equity of which is acquired by the Company, with which the Company merges or otherwise combines or from which the Company is spun-off or otherwise separated. Without limiting the generality of the preceding sentence, Substitute Options include Stock Options granted in connection with the Separation in substitution for options to purchase shares of the former Viacom Inc. (renamed CBS Corporation) granted prior to the Separation Date. Notwithstanding any terms or conditions of the Plan to the contrary, Substitute Options may have substantially the same terms and conditions, including without limitation provisions relating to vesting, exercise periods, expiration, payment, forfeiture, and the consequences of termination of employment and changes in control, as the awards that they replace.

ARTICLE V

MISCELLANEOUS

Section 5.1 No Right to Re-election.

Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for re-election by the Company's stockholders, nor confer upon any Participant the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

Section 5.2 Restriction on Transfer.

The rights of a Participant with respect to the Stock Options shall not be transferable by the Participant to whom such Stock Options are granted, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, *provided, however*, that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

Section 5.3 Stockholder Rights.

No grant of Stock Options under the Plan shall entitle a Participant, a Participant's estate or a permitted transferee to any rights of a holder of shares of Class B Common Stock, except upon the delivery of share certificates to a Participant, the Participant's estate or the permitted transferee upon exercise of a Stock Option.

Section 5.4 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, recapitalizations, reorganizations 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 stocks 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.

Section 5.5 Exercise Periods Following Termination of Services.

For the purposes of determining the dates on which Stock Options may be exercised following a termination of services or the death or disability of a Participant, the day following the date of such event 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. At the end of the relevant exercise period, each unexercised Stock Option shall expire.

Section 5.6 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 5.7 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 VI

AMENDMENT AND TERMINATION

Section 6.1 General.

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, including, without limitation, amending the provisions for determining the amount of Stock Options to be issued to an Outside Director, *provided, however*, that any amendment which under the requirements of applicable law or under the rules of the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed must be approved by the stockholders of the Company shall not be effective unless and until such stockholder approval has been obtained in compliance with such law or rule; and no termination, suspension, alteration or amendment of the Plan that would adversely affect a Participant's rights under the Plan with respect to any award of Stock Options made prior to such action shall be effective as to such Participant unless he or she consents thereto.

ARTICLE VII

EFFECTIVE DATE

The Effective Date of the Plan is January 1, 2006 and stockholder approval of the Plan was obtained prior to that date. Unless earlier terminated in accordance with Article VI above, the Plan shall terminate on the fifth anniversary of the Effective Date, and no further Stock Options may be granted hereunder after such date.

**VIACOM INC.
2006 RSU PLAN FOR OUTSIDE DIRECTORS**

ARTICLE I

GENERAL

Section 1.1 Purpose.

The purpose of the Viacom Inc. 2006 RSU Plan for Outside Directors (the "Plan") is to benefit and advance the interests of Viacom Inc., a Delaware corporation (the "Company"), and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries.

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 or other documentation governing an Award under the Plan, which shall contain terms and conditions not inconsistent with the Plan and which shall incorporate the Plan by reference.
 - (b) "Annual RSU Grant" shall have the meaning set forth in Section 2.1.
 - (c) "Award" shall mean any Director RSU or Dividend Equivalent.
 - (d) "Board" shall mean the Board of Directors of the Company.
 - (e) "Class B Common Stock" shall mean the shares of Class B Common Stock, par value \$0.001 per share, of the Company.
 - (f) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto, and the rules and regulations promulgated thereunder from time to time.
 - (g) "Company" shall have the meaning set forth in Section 1.1.
 - (h) "Director RSUs" shall mean a contractual right granted to a Participant pursuant to Article II to receive shares of Class B Common Stock, subject to the terms and conditions set forth in the Plan. Director RSUs shall be settled exclusively in Class B Common Stock, with fractional shares payable in cash.
 - (i) "Dividend Equivalent" shall mean a right to receive a payment based upon the value of the regular cash dividend paid on a specified number of shares of Class B Common Stock as set forth in Article III below. Payment in respect of Dividend Equivalents upon settlement shall be in shares of Class B Common Stock except as set forth in Article III below.
 - (j) "Effective Date" shall mean the effective date of the Plan provided for in Article VIII below.
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- (k) "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 Wall Street Journal (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company.
- (l) "Outside Director" shall mean any member of the Board who is not an employee of the Company or any of its Subsidiaries.
- (m) "Participant" shall mean any Outside Director to whom Awards have been granted under the Plan.
- (n) "Plan" shall have the meaning set forth in Section 1.1.
- (o) "Separation" means the series of transactions by which the Company was separated from the former Viacom Inc. (renamed CBS Corporation), which prior to such transactions had been the parent corporation of the Company.
- (p) "Separation Date" means the closing date of the transactions by which the Separation was effected.
- (q) "Stock Option Plan" shall mean the Viacom Inc. 2006 Stock Option Plan for Outside Directors.
- (r) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).
- (s) "Substitute Awards" means Awards granted upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity all or a portion of the assets or equity of which is acquired by the Company, with which the Company merges or otherwise combines or from which the Company is spun-off or otherwise separated.

Section 1.3 Administration of the Plan.

The Plan shall be administered by the members of the Board who are not Outside Directors and such Board members shall determine all questions of interpretation, administration and application of the Plan. Such Board members' determinations shall be final and binding in all matters relating to the Plan. The Board may authorize any officer of the Company to execute and deliver an Agreement on behalf of the Company to a Participant.

Section 1.4 Eligible Persons.

Awards shall be granted only to Outside Directors.

Section 1.5 Class B Common Stock Subject to the Plan.

Subject to adjustment in accordance with the provisions of Article IV hereof, the maximum number of shares of Class B Common Stock that may be issued under the Plan, when aggregated with the number of shares of Class B Common Stock that may be issued under the Stock Option Plan, shall be 500,000 shares. Any shares of Class B Common Stock underlying Substitute Awards shall not be counted against this limit. The shares of Class B Common Stock shall be made available from authorized but unissued shares of Class B Common Stock or from shares of Class B Common Stock issued and held in the treasury of the

Company. The settlement of any Awards under the Plan in any manner shall result in a decrease in the number of shares of Class B Common Stock which thereafter may be issued for purposes of this Section 1.5 by the number of shares issued upon such settlement. Shares of Class B Common Stock with respect to which Awards lapse, expire or are cancelled without being settled or are otherwise terminated may be regranted under the Plan.

ARTICLE II

RESTRICTED SHARE UNITS

Section 2.1 Grants of Restricted Share Units.

- (a) On January 31st of 2006 and each subsequent year, each Outside Director shall automatically be granted a number of Director RSUs determined by dividing (i) \$55,000 by (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant (an "Annual RSU Grant"). If the date of grant is not a business day on which the Fair Market Value can be determined, then the Fair Market Value shall be determined as of the last business day preceding the relevant date of grant on which the Fair Market Value can be determined. The terms and conditions of the Director RSUs shall be set forth in an Agreement which shall be delivered to the Participants reasonably promptly following the relevant date of grant of such Director RSUs.
- (b) The Annual RSU Grants shall not be prorated and persons who become Outside Directors after the date of a particular Award shall first become eligible to receive an Award under the Plan as of the date of the next Annual RSU Grant.

Section 2.2 Vesting.

Director RSUs shall be settled only to the extent the Participant is vested therein. Subject to Section 2.3(b), each Annual RSU Grant shall vest on the first anniversary of the relevant date of grant.

Section 2.3 Settlement of Restricted Share Units.

- (a) *Settlement.* On the date on which Director RSUs vest, all restrictions contained in the Agreement covering such Director RSUs and in the Plan shall lapse as to such Director RSUs and the Director RSUs shall be payable in shares of Class B Common Stock, with any fractional shares payable in cash, and shall be evidenced in such manner as the Board in its discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of one or more stock certificates. If stock certificates are issued, such certificates shall be delivered to the Participant or such certificates shall be credited to a brokerage account if the Participant so directs; *provided, however*, that such certificates shall bear such legends as the Board, in its sole discretion, may determine to be necessary or advisable in order to comply with applicable federal or state securities laws. Any fractional shares of Class B Common Stock to which a Participant becomes entitled shall not be settled by delivery of shares but instead shall be paid in cash, based on the Fair Market Value of the Class B Common Stock on the date of payment.
- (b) *Settlement in the Event of Termination of Services.* If the services of a Participant as a director of the Company terminate for any reason the Participant shall forfeit all unvested Director RSUs as of the date of such event.
- (c) *Deferral of Settlement.* Notwithstanding Section 2.3(a), a Participant may elect to defer settlement of any or all Director RSUs to a date subsequent to the vesting date of such Director RSUs, *provided* that such election to defer is made no later than December 31 of the taxable year prior to the year in which the

Outside Director performs the services for which such Director RSUs are granted. Settlement of any deferred Director RSUs shall be made in a single distribution or three or five annual installments in accordance with the Participant's deferral election. The single distribution or first annual installment, as applicable, will be payable on the later of (i) six months following the date of the Participant's termination of services on the Board for any reason or (ii) January 31 of the calendar year following the calendar year in which the Participant's services on the Board terminates for any reason.

ARTICLE III

DIVIDEND EQUIVALENTS

The Participant shall be entitled to receive Dividend Equivalents on the Director RSUs in the event the Company pays a regular cash dividend with respect to the shares of Class B Common Stock. The Company shall maintain a bookkeeping record that credits the dollar amount of the Dividend Equivalents to a Participant's account on the date that it pays such regular cash dividend on the shares of Class B Common Stock. Dividend Equivalents shall accrue on the Director RSUs until the Director RSUs vest, at which time they shall be paid in shares of Class B Common Stock determined by dividing (i) the aggregate amount credited in respect of such Dividend Equivalents by (ii) the Fair Market Value on the vesting date, with any fractional shares resulting from this calculation paid in cash. Payment of Dividend Equivalents that have been credited to the Participant's account will not be made with respect to any Director RSUs that do not vest and are cancelled.

In addition, if the Participant elects to defer settlement of the Director RSUs, such Director RSUs will continue to earn Dividend Equivalents on the deferred Director RSUs through the settlement date. All such Dividend Equivalents credited to the Participant's account with respect to deferred Director RSUs shall be converted, on the anniversary of the date on which the Director RSUs originally vested and on each anniversary thereof, as appropriate, until the Director RSUs are settled, into additional whole and/or fractional Director RSUs, based on the Fair Market Value of the Class B Common Stock on the respective dates. Such additional Director RSUs shall be deferred subject to the same terms and conditions as the Directors RSUs to which the Dividend Equivalents originally related.

ARTICLE IV

EFFECT OF CERTAIN CORPORATE CHANGES

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization, reclassification, reorganization, split-off or spin-off that changes the character or amount of the shares of Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to (i) the number and kind of securities subject to any outstanding Awards, (ii) the number and kind of securities subject to the Annual RSU Grants referred to in Section 2.1, and (iii) the maximum number and kind of securities available for issuance under the Plan referred to in Section 1.5, 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, but not increase, the benefits or potential benefits intended to be made available hereunder upon the occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants. Adjustments under this Article shall be conducted in a manner consistent with any adjustments under the Stock Option Plan.

ARTICLE V

SUBSTITUTE AWARDS

Notwithstanding any terms or conditions of the Plan to the contrary, the Committee may provide for Substitute Awards under the Plan upon assumption of, or in substitution for, outstanding awards previously granted to a director by a company or other entity all or a portion of the assets or equity of which is acquired by the Company, with which the Company merges or otherwise combines or from which the Company is spun-off or otherwise separated. Without limiting the generality of the preceding sentence, Substitute Awards include Director RSUs granted in connection with the Separation in substitution for awards of the former Viacom Inc. (renamed CBS Corporation) granted to directors prior to the Separation Date. Notwithstanding any terms or conditions of the Plan to the contrary, Substitute Awards may have substantially the same terms and conditions, including without limitation provisions relating to vesting, expiration, payment, forfeiture, and the consequences of termination of employment and changes in control, as the awards that they replace.

ARTICLE VI

MISCELLANEOUS

Section 6.1 No Right to Re-election.

Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for re-election by the Company's stockholders, nor confer upon any Participant the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

Section 6.2 Restriction on Transfer.

The rights of a Participant with respect to any Awards under the Plan shall not be transferable by the Participant to whom such Awards are granted, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, *provided, however*, that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

Section 6.3 Stockholder Rights.

No grant of an Award under the Plan shall entitle a Participant, a Participant's estate or a permitted transferee to any rights of a holder of shares of Class B Common Stock, except upon the delivery of share certificates to a Participant, the Participant's estate or the permitted transferee upon settlement of an Award.

Section 6.4 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, recapitalizations, reorganizations 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 stocks whose rights are superior to or affect the shares of Class B Common Stock or the rights thereof or which are convertible into or exchangeable for shares of 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.

Section 6.5 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 6.6 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 VII

AMENDMENT AND TERMINATION

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, including, without limitation, amend the provisions for determining the amount of Director RSUs to be issued to an Outside Director, *provided, however*, that any amendment which under the requirements of applicable law or under the rules of the New York Stock Exchange or other principal stock exchange on which the shares of Class B Common Stock are then listed must be approved by the stockholders of the Company shall not be effective unless and until such stockholder approval has been obtained in compliance with such law or rule; and no alteration, amendment, suspension or termination of the Plan that would adversely affect a Participant's rights under the Plan with respect to any Award made prior to such action shall be effective as to such Participant unless he or she consents thereto, *provided, however*, that no such consent shall be required if the Board determines in its sole discretion that any such alteration, amendment, suspension or termination is necessary or advisable to comply with any law, regulation, ruling, judicial decision or accounting standards or to ensure that Director RSUs or Dividend Equivalents are not subject to federal, state or local income tax prior to settlement.

ARTICLE VIII

EFFECTIVE DATE

The Effective Date of the Plan is January 1, 2006 and stockholder approval of the Plan was obtained prior to that date. Unless earlier terminated in accordance with Article VII above, the Plan shall terminate on the fifth anniversary of the Effective Date, and no further Awards may be granted hereunder after such date.

**VIACOM INC.
SENIOR EXECUTIVE
SHORT-TERM INCENTIVE PLAN**

**ARTICLE I
GENERAL**

Section 1.1 Purpose.

The purpose of the Viacom Inc. Senior Executive Short-Term Incentive Plan (the "Plan") is to benefit and advance the interests of Viacom Inc., a Delaware corporation (the "Company"), by granting annual performance-based awards ("Awards") to reward selected senior executive officers of the Company and its subsidiaries and divisions for their contributions to the Company's financial success 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) "Award" shall have the meaning set forth in Section 1.1.

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

(c) "Class B Common Stock" shall mean shares of Class B Common Stock, par value \$0.001 per share, of the Company.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto, and the rules and regulations promulgated thereunder from time to time.

(e) "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. The Committee shall consist of at least two (2) individuals, each of whom shall be an "outside director" (or any successor standard thereto) within the meaning of Section 162(m) of the Code; *provided, however*, that if any such Committee member is found not to have met the qualification requirements of Section 162(m), any actions taken or Awards granted by the Committee shall not be invalidated by such failure to so qualify.

(f) "Company" shall have the meaning set forth in Section 1.1.

(g) "Earnings Per Share" shall have the meaning provided by GAAP.

(h) "EBITDA" shall mean the Company's Operating Income before depreciation, amortization and inter-company eliminations.

(i) "Effective Date" shall have the meaning set forth in Section 4.11.

(j) "Equity Plan" means the Viacom Inc. 2006 Long-Term Management Incentive Plan and any successor or similar plan of the Company.

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

(l) "Fair Market Value" of a share of Class B Common Stock on a given date shall be, unless otherwise determined by the Committee, the 4:00 p.m. (New York time) 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 Wall Street Journal* (Northeast edition) or any other authoritative source selected by the Company.

(m) "Free Cash Flow" shall mean the Company's Operating Income before depreciation and amortization, less cash interest, taxes paid, working capital requirements and capital expenditures.

(n) "GAAP" shall mean generally accepted accounting principles in the United States.

(o) "Net Earnings" shall have the meaning provided in GAAP.

(p) "Net Earnings from Continuing Operations" shall have the meaning provided in GAAP.

(q) "Net Revenue" shall have the meaning provided by GAAP.

(r) "OIBDA" shall mean the Company's Operating Income before depreciation and amortization.

(s) "OIBDA Without Inter-Company Eliminations" shall mean the Company's Operating Income before depreciation, amortization and inter-company eliminations.

(t) "Operating Income" shall have the meaning provided by GAAP.

(u) "Participant" shall mean any employee who has met the eligibility requirements set forth in Section 1.4 hereof and whom the Committee designates a participant under the Plan.

(v) "Performance Goals" shall mean the performance goals set forth in Section 2.2 from which the Committee shall establish performance targets for a given Performance Period.

(w) "Performance Period" shall mean a period of time over which performance is measured as determined by the Committee in its sole discretion.

(x) "Plan" shall have the meaning set forth in Section 1.1.

(y) "Revenue" shall have the meaning provided by GAAP.

(z) "Salary" for any Performance Period shall mean the sum of (i) the annual base salary of the Participant as in effect on the first day of the applicable Performance Period and (ii) an amount equal to the annual rate of compensation as in effect on the first day of the applicable Performance Period that the Participant is required to defer (if any) for the applicable Performance Period pursuant to an employment agreement or similar arrangement with the Company.

(aa) "Section 162(m)" shall mean Section 162(m) of the Code.

(bb) "Section 409A" shall mean Section 409A of the Code.

(cc) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

(dd) "Target Awards" means the target established by the Committee for each Performance Period based on a multiple (either a fraction or a whole number multiple) of the Participant's Salary or a specified dollar amount.

Section 1.3 Administration of the Plan.

The Plan shall be administered by the Committee which shall adopt such rules as it may deem appropriate in order to carry out the purpose of the Plan. All questions of interpretation, administration 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 in all matters relating to the Plan. The Committee shall have authority to determine the terms and conditions of the Awards granted to eligible persons specified in Section 1.4 below.

Section 1.4 Eligible Persons.

Awards may be granted only to employees of the Company or one of its subsidiaries at the level of Senior Vice President or at a more senior level who are designated by the Committee as Participants for a given Performance Period.

**ARTICLE II
AWARDS**

Section 2.1 Awards.

The Committee may grant Awards to eligible employees with respect to each Performance Period, subject to the terms and conditions set forth in the Plan.

Section 2.2 Terms of Awards.

(a) The Committee shall determine in its sole discretion whether any employee of the Company shall have the opportunity to earn incentive compensation under this Plan during any Performance Period. If the Committee decides to offer such opportunity to one or more employees of the Company, then within the time period permitted or required under Section 162(m) for amounts payable hereunder to be considered "qualified performance based compensation", the Committee shall (i) establish the Performance Period, (ii) designate each Participant for the Performance Period, (iii) select from the list of Performance Goals set forth in this Section 2.2, the Performance Goal or Goals to be applicable to the Performance Period, (iv) establish specific performance targets related to such Performance Goals and (v) establish Target Awards for each Participant.

(b) The Performance Goals from which the Committee shall establish performance targets shall relate to the achievement of financial goals based on the attainment of specified levels of one or more of the following: OIBDA, OIBDA Without Intercompany Eliminations, Operating Income, Free Cash Flow, Net Earnings, Net Earnings from Continuing Operations, Earnings Per Share, Revenue, Net Revenue, operating revenue, total shareholder return, share price, return on equity, return in excess of cost of capital, profit in excess of cost of capital, return on assets, return on invested capital, net operating profit after tax, operating margin, profit margin or any combination thereof. The Performance Goals may be described in terms of objectives that are related to the individual Participant or objectives that are Company-wide or related to a Subsidiary, division, department, region, function or business unit and may be measured on an absolute or cumulative basis or on the basis of percentage of improvement over time, and may be measured in terms of Company performance (or performance of the applicable Subsidiary, division, department, region, function or business unit) or measured in terms of performance relative to selected peer companies or a market index.

Section 2.3 Limitation on Awards.

The aggregate amount of all Awards granted under the Plan to any Participant for any Performance Period shall not exceed the amount determined by multiplying such Participant's Salary by a factor of eight (8), but in no event shall such amount exceed \$51.2 million.

Section 2.4 Determination of Award.

The Committee shall, promptly after the date on which the necessary financial or other information for a particular Performance Period becomes available, certify whether the performance targets have been achieved in the manner required by Section 162(m). If the performance targets have been achieved, the Awards for such

Performance Period shall have been earned except that the Committee may, in its sole discretion, reduce the amount of any Award to reflect the Committee's assessment of the Participant's individual performance or for any other reason.

Section 2.5 Payment of Award.

Subject to Section 2.6, such Awards may be paid, in whole or in part, in cash, in the form of grants of stock-based awards issued under the Equity Plan, or in any other form prescribed by the Committee, and may be subject to such additional restrictions as the Committee, in its sole discretion, may impose. Such Awards shall be paid as promptly as practicable after the Committee certifies the applicable performance targets have been achieved (and in any event by the 15th day of the third calendar month following the end of the calendar year in which the last day of the applicable Performance Period occurs). If the Committee determines that an Award shall be paid in the form of a stock-based award issued under the Equity Plan, then for purposes of determining the number of shares of Class B Common Stock subject to an Award, the Class B Common Stock shall be valued based on its Fair Market Value on the date such stock-based awards are granted. Where Awards are paid in property other than cash and Class B Common Stock, the value of such Awards, for purposes of the Plan, shall be determined by reference to the fair market value of the property on the date the Committee grants the award of such property. Notwithstanding anything in this Section 2.5 to the contrary, the Committee may establish procedures pursuant to which the payment of any Award may be deferred.

Section 2.6 Employment Requirement.

To be eligible to receive an Award, the Participant must have remained in the continuous employ of the Company or a Subsidiary during the Performance Period applicable to the Participant. If the Company or any Subsidiary terminates a Participant's employment other than for "cause", a Participant terminates his employment for "good reason" or a Participant becomes "permanently disabled" (in each case, as determined by the Committee in its sole discretion) or a Participant dies during a Performance Period, such Participant or his estate shall receive, unless his or her employment agreement provides otherwise, a pro rata portion of the amount of any Award for such Performance Period except that the Committee may, in its sole discretion, reduce the amount of such Award to reflect the Committee's assessment of such Participant's individual performance prior to the termination of such participant's employment, such Participant's becoming permanently disabled or such Participant's death, as the case may be, or for any other reason.

ARTICLE III ADJUSTMENT OF AWARDS

In the event that, during a Performance Period, any recapitalization, reorganization, merger, acquisition, divestiture, consolidation, spin-off, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction or event or any other extraordinary event occurs, or any other event or circumstance occurs which has the effect, as determined by the Committee in its sole and absolute discretion, of distorting the applicable Performance Goals, including, without limitation, changes in accounting standards, the Committee may adjust or modify, as determined by the Committee in its sole and absolute discretion, the calculation of the applicable performance targets based on the Performance Goals, to the extent necessary to prevent reduction or enlargement of Participants' Awards under the Plan for such Performance Period attributable to such transaction, circumstance or event. Such adjustments shall be conclusive and binding for all purposes.

ARTICLE IV MISCELLANEOUS

Section 4.1 No Rights to Awards or Continued Employment.

No employee shall have any claim or right to receive Awards under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained by the Company or any of its subsidiaries.

Section 4.2 Restriction on Transfer.

The rights of a Participant to receive Awards under the Plan shall not be transferable by the Participant to whom such Award is granted, otherwise than by will or the laws of descent and distribution.

Section 4.3 Withholding.

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 beneficiary or beneficiaries any federal, state or local taxes required by law to be withheld with respect to such payments.

Section 4.4 No Restriction on Right of Company to Effect Changes.

The Plan shall not affect in any way the right or power of the Company or its stockholders or a Subsidiary to make or authorize any recapitalization, reorganization, merger, acquisition, divestiture, consolidation, spin-off, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction or event involving the Company or a Subsidiary thereof or any other event or series of events, whether of a similar character or otherwise, whether or not such action would have an adverse effect on any Awards made under the Plan. No Participant, beneficiary or other person shall have any claim against the Company or any Subsidiary as a result of any such action.

Section 4.5 Source of Payments.

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. To the extent any person acquires any rights to receive payments hereunder from the Company, such rights shall be no greater than those of an unsecured creditor.

Section 4.6 Section 409A.

If any provision of the Plan or any Award contravenes any regulations or Treasury guidance promulgated under Section 409A or could cause a Participant to be subject to the interest and penalties under Section 409A, such provision of the Plan or any Award shall be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A. Moreover, any discretionary authority that the Board or the Committee may have pursuant to the Plan shall not be applicable to an Award that is subject to Section 409A to the extent such discretionary authority will contravene Section 409A.

Section 4.7 Amendment and Termination.

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part. No such alteration, amendment, suspension or termination of the Plan may, without the consent of the Participant to whom an Award has been made, adversely affect the rights of such Participant in such Award; *provided, however*, that no such consent shall be required if the Committee determines in its sole discretion that any such alteration, amendment, suspension or termination is necessary or prudent (i) to comply with, or take into account changes in, applicable tax laws, securities laws, accounting rules and other applicable laws, rules and regulations or (ii) to ensure that a Participant is not subject to interest and penalties under Section 409A with respect to any Award.

Section 4.8 Governmental Regulations.

The Plan, and all Awards hereunder, shall be subject to all applicable rules and regulations of governmental or other authorities.

Section 4.9 Headings.

The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 4.10 Governing Law.

The Plan and all rights and Awards hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

Section 4.11 Effective Date.

The Plan became effective as of January 1, 2006; *provided, however*, that it shall be a condition to the effectiveness of the Plan that the stockholders of the Company approve the Plan at the first Annual Meeting of Stockholders held more than 12 months after the effective date of the Company's registration statement under the Securities Exchange Act of 1934, as amended, relating to the Class B Common Stock. Such approval shall meet the requirements of Section 162(m) of the Code and the regulations thereunder. If such approval is not obtained, then the Plan shall not be effective.

VIACOM INC.

DEFERRED COMPENSATION PLAN FOR OUTSIDE DIRECTORS

(Effective as of January 1, 2006)

1. *Establishment of Plan*

The Viacom Inc. Deferred Compensation Plan for Outside Directors (the "Plan") has been established by Viacom Inc. (the "Company") for eligible members of the Board of Directors (as described below).

2. *Plan Participation*

(a) Each person who is a member of the Board of Directors of the Company and who is not an employee of the Company (an "Outside Director" or "Director") may elect to become a participant in this Plan (a "Participant"), and as such defer all cash fees (which shall include retainer, meeting and committee attendance fees and any other amounts that the Board so determines) to which the Director may thereafter be entitled. Such election shall be in writing, in a form prescribed by the Company that includes the alternatives for the investment election and payment election, and, except as otherwise provided below, shall remain in effect as long as the Participant shall continue to receive compensation as a Director.

(b) A Participant may elect to participate in the Plan within 30 days of the beginning of his or her term in office as a Director, for the fees payable thereafter. A Participant may also elect to participate in the Plan before December 31 of each year, for the fees payable for the subsequent calendar year and thereafter. A Participant may discontinue participation in the Plan and/or change or modify his or her investment election annually by filing a written notice with the Company prior to December 31 of a particular year, which notice shall be effective for all fees payable for the subsequent calendar year and thereafter, subject to the following restrictions:

(i) *Investment Election.* Changes to the investment election will be applicable to subsequent fees only and no existing account may be converted into another type of account; and

(ii) *Payment Election.* A Participant may not change his or her payment election from that selected at the time he or she initially elects to participate in the Plan. The payment election will be applicable to the entire balance of the Participant's Deferred Compensation Account(s).

3. *Deferred Compensation Accounts*

There shall be available two accounts, an "Income Account" and a "Stock Unit Account" to which the fees deferred by the Participant pursuant to this Plan may be credited. At

the time of electing to participate in this Plan, the Participant shall also select one of the two accounts into which his or her deferred fees shall be credited.

(a) *Income Account:* Fees deferred by a Participant shall be credited as a dollar amount to this account at the time payment would otherwise have been due. At the end of each calendar quarter, the Participant's Income Account will be credited for such quarter with interest at the prime rate in effect at the beginning of such calendar quarter at Citibank, N.A., which interest shall be applied on the basis of the average closing monthly credit balance in the Participant's Income Account during such quarter.

(b) *Stock Unit Account:* Fees deferred by a Participant shall be credited as a dollar amount to this account at the time payment would otherwise have been due. At the beginning of each calendar quarter, each Participant's Stock Unit Account shall be adjusted as follows:

(i) First, the dollar amount remaining in such account (not yet converted into Stock Unit Shares as described below) during the preceding calendar quarter, plus all dollar amounts (for fees and any cash dividends) credited to such account during the preceding calendar quarter, shall be credited for the preceding calendar quarter with interest computed in the manner described in Paragraph 3(a) above.

(ii) Next, the dollar amount in such account after the adjustments pursuant to clause (i) above, plus the dollar amount of deferred quarterly retainer fees credited on such day to this account, shall be converted (x) 50% into Class A Common Stock Unit Shares equal in number to the maximum number of whole shares of Viacom Inc. Class A Common Stock which could be purchased with such dollar amount at the closing market price for such stock on the first day of such calendar quarter, or if that date was not a trading date on the next preceding trading date, and (y) 50% into Class B Common Stock Unit Shares equal in number to the maximum number of whole shares of Viacom Inc. Class B Common Stock which could be purchased with such dollar amount at the closing market price for such stock on the first day of such calendar quarter, or if that date was not a trading date, on the next preceding trading date. The Class A Common Stock Unit Shares and Class B Common Stock Unit Shares are collectively referred to as "Stock Unit Shares." Any balance remaining in the account after the conversion into Stock Unit Shares will be reflected as a cash balance in such account.

In the event that cash dividends are declared on the Viacom Inc. Class A Common Stock or Class B Common Stock or any other stock for which stock unit shares are held in the Stock Unit Account, on each dividend payment date an amount equivalent to the prevailing dividend per share of such stock shall be credited in cash to such account for each Class A Common Stock Unit Share or Class B Common Stock Unit Share or other stock unit shares, as appropriate. Stock unit shares shall be appropriately adjusted in the event of any stock dividends, stock splits

or any other similar changes in the Viacom Inc. Class A Common Stock or Class B Common Stock or other stock for which stock unit shares are held in the Stock Unit Account.

4. *Payments*

(a) Upon termination of a Participant's service as a Director, payment of his or her Deferred Compensation Account(s) shall be made in cash in a lump sum, three (3) annual installments or five (5) annual installments in accordance with the Participant's payment election. The lump sum payment or the initial annual installment shall be made on the later of six months after the Director leaves the Board or January 15th of the year following the year the Director leaves the Board. Each subsequent installment payment shall be made on the anniversary of the initial installment payment.

(b) The Class A Common Stock Unit Shares and Class B Common Stock Unit Shares in a Participant's Stock Unit Account shall be valued on the basis of the average of the closing market prices of the Viacom Inc. Class A Common Stock or Class B Common Stock, as appropriate, on the New York Stock Exchange or such other stock exchange on which the Class A Common Stock or Class B Common Stock may be listed, on each trading date during the four (4) week period ending five (5) business days prior to the payment date.

(c) In the case of installment payments, the Deferred Compensation Account(s) shall be credited with interest calculated in accordance with Paragraph 3(a) above, which interest shall accrue beginning on the date the first installment is paid and the appropriate portion of which shall be paid to the Participant on the date of each annual installment following the date of credit until all installments are paid.

(d) In the event of a Participant's death, payment of all or the remaining portion of the Deferred Compensation Account(s) will be made to his or her beneficiary or beneficiaries in accordance with the Participant's payment election. The amount of such payment will be calculated as set forth herein.

5. *Beneficiaries*

Each Participant entitled to payment of the deferred fees hereunder may name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any such deferred fees are to be paid in case of his or her death, before he or she receives all of such fees. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during his or her lifetime. In the absence of any such designation or if all persons so designated die prior to the payment of the entire amount of deferred fees to which he or she is entitled, any deferred fees remaining unpaid at a Participant's death shall be paid to the estate of the last to die of the Participant and all persons so designated.

6. *Participant's Rights Unsecured*

The right of any Participant to receive a distribution hereunder in cash shall be an unsecured claim against the general assets of the Company. The Company's obligation with respect to the payment of amounts deferred hereunder may not be assigned.

7. *Amendments and Adjustments to the Plan*

The Board of Directors of the Company may amend the Plan at any time, without the consent of the Participants or their beneficiaries; provided, however, that no amendment shall divest any Participant of rights to which he or she would have been entitled if the Plan had been terminated on the effective date of such amendment.

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization or reclassification that changes the character or amount of the Viacom Inc. Class A Common Stock or Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to the stock unit shares held in the Plan and any other affected provision of the Plan in each case, as it deems appropriate. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants.

8. *Termination of Plan*

The Board of Directors of the Company may terminate the Plan at any time, without the consent of the Participants or their beneficiaries. Termination of the Plan shall not affect the timing of distributions from a Participant's Deferred Compensation Account(s) or the calculation of the amount of the payment.

9. *Expenses*

The cost of administration of the Plan will be paid by the Company.

VIACOM INC.
2006 LONG-TERM MANAGEMENT INCENTIVE PLAN

ARTICLE I

GENERAL

Section 1.1 Purpose.

The purpose of the Viacom Inc. 2006 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 (as defined below) by rewarding certain employees of the Company and its Subsidiaries for their contributions to the financial success of the Company and its Subsidiaries 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) "Administrator" shall mean the individual or individuals to whom the Committee delegates authority under the Plan in accordance with Section 1.3(c).
- (b) "Agreement" shall mean the written agreement or certificate or other documentation governing an Award under the Plan, which shall contain terms and conditions not inconsistent with the Plan and which shall incorporate the Plan by reference.
- (c) "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.
- (d) "Awards" shall mean any Stock Options, Stock Appreciation Rights, Restricted Shares, Restricted Share Units, unrestricted shares of Class B Common Stock, Phantom Shares, Dividend Equivalents, Performance Awards or Other Awards or a combination of any of the above.
- (e) "Board" shall mean the Board of Directors of the Company.
- (f) "Class B Common Stock" shall mean shares of Class B Common Stock, par value \$0.001 per share, of the Company.
- (g) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto, and the rules and regulations promulgated thereunder.
- (h) "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.
- (i) "Date of Grant" shall mean the effective date of the grant of an Award as set forth in the applicable Agreement.
- (j) "Dividend Equivalent" means a right to receive a payment based upon the value of the regular cash dividend paid on a specified number of shares of Class B Common Stock as set forth in Section 8.1 hereof. Payments in respect of Dividend Equivalents may be 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 of Class B Common Stock or such other securities.

- (k) "Earnings Per Share" shall have the meaning provided by GAAP.
- (l) "Effective Date" shall have the meaning set forth in Article XIII.
- (m) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, including any successor law thereto.
- (n) "Fair Market Value" of a share of Class B Common Stock on a given date shall be, unless otherwise determined by the Committee, the 4:00 p.m. (New York time) 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 Wall Street Journal (Northeast edition) or any other authoritative source selected by the Company.
- (o) "Free Cash Flow" shall mean the Company's Operating Income before depreciation and amortization, less cash interest, taxes paid, working capital requirements and capital expenditures.
- (p) "GAAP" shall mean generally accepted accounting principles in the United States.
- (q) "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.
- (r) "Net Earnings" shall have the meaning provided in GAAP.
- (s) "Net Earnings from Continuing Operations" shall have the meaning provided in GAAP.
- (t) "Net Revenue" shall have the meaning provided by GAAP.
- (u) "OIBDA" shall mean the Company's Operating Income before depreciation and amortization.
- (v) "OIBDA Without Inter-Company Eliminations" shall mean the Company's Operating Income before depreciation, amortization and inter-company eliminations.
- (w) "Operating Income" shall have the meaning provided by GAAP.
- (x) "Operating Revenue" shall have the meaning provided by GAAP.
- (y) "Other Awards" shall mean any form of award authorized under Section 7.2 of the Plan, other than a Stock Option, Stock Appreciation Right, Restricted Share, Restricted Share Unit, unrestricted share of Class B Common Stock, Phantom Share, Performance Award or Dividend Equivalent.
- (z) "Outstanding Phantom Share" shall mean a Phantom Share granted to a Participant for which the Valuation Date has not yet occurred.
- (aa) "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.
- (bb) "Participant" shall mean any employee who has met the eligibility requirements set forth in Section 1.4 and to whom an Award has been made under the Plan.
- (cc) "Performance Award" shall mean any award of Performance Shares or Performance

Units pursuant to Article VI hereof.

(dd) "Performance Goals" shall have the meaning set forth in Section 6.2 hereof.

(ee) "Performance Period" shall mean a period of time over which performance is measured as determined by the Committee in its sole discretion.

(ff) "Performance Share" shall mean an award granted pursuant to Article VI hereof of a share of Class B Common Stock subject to the terms and conditions set forth in the applicable Agreement.

(gg) "Performance Units" shall mean an award granted pursuant to Article VI hereof, payable 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 of Class B Common Stock or such other securities, subject to the terms and conditions set forth in the Plan and in the applicable Agreement.

(hh) "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; *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.

(ii) "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, subject to the terms and conditions set forth in the Plan and the applicable Agreement.

(jj) "Replacement Award" shall mean an Award granted in substitution for a canceled Stock Option pursuant to Section 2.5.

(kk) "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.

(ll) "Restricted Share Unit" shall mean a contractual right granted to a Participant pursuant to Article IV to receive, in the discretion of the Committee, shares of Class B Common Stock, a cash payment equal to the Fair Market Value of Class B Common Stock, or other securities of the Company designated by the Committee or a combination of cash, shares of Class B Common Stock or such other securities, subject to the terms and conditions set forth in the Plan and in the applicable Agreement.

(mm) "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; and *provided further* that the resignation or termination of employment other than a Termination for Cause after attainment of age 60 shall be deemed a retirement if the Participant does not participate in a qualified defined benefit retirement plan maintained by the Company or any of its Subsidiaries.

(nn) "Revenue" shall have the meaning provided by GAAP.

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

(pp) "Section 162(m) Exception" shall mean the exception under Section 162(m) for

"qualified performance-based compensation."

(qq) "Section 162(m) Performance Goals" shall have the meaning set forth in Section 6.2 hereof.

(rr) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended, and the rules, regulations and guidance issued thereunder.

(ss) "Separation" means the series of transactions by which the Company was separated from the former Viacom Inc. (renamed CBS Corporation), which prior to such transactions had been the parent corporation of the Company.

(tt) "Separation Date" means the closing date of the transactions by which the Separation was effected.

(uu) "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 2.6 of the Plan, subject to such other terms and conditions as are set forth in the Plan and the applicable Agreement.

(vv) "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.

(ww) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

(xx) "Substitute Awards" means Awards granted upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity all or a portion of the assets or equity of which is acquired by the Company, with which the Company merges or otherwise combines or from which the Company is spun-off or otherwise separated.

(yy) "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 that is in effect and applicable to the Participant, or (ii) if there is no such employment agreement or if such employment agreement contains no such term, unless the Committee determines otherwise, 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.

(zz) "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.

(aaa) 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.

Section 1.3 Administration of the Plan.

(a) *Board or Committee to Administer.* 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*, with respect to any Award that is 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; *provided, however*, that, if any such Committee member is found not to have met the qualification requirements of the Section 162(m) Exception, any actions taken or Awards granted by the Committee shall not be invalidated by such failure to so qualify.

(b) *Powers of the Committee.*

(i) 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 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.

(ii) The Committee shall have authority to select Participants from among the class of eligible persons specified in Section 1.4 below, to determine the type of Award to be granted, to determine the number of shares of Class B Common Stock subject to an Award or the cash amount payable in connection with an Award, and to determine the terms and conditions of each Award in accordance with the terms of the Plan. Except as provided in Section 6.4, the Committee shall also have the authority to amend the terms of any outstanding Award or waive any conditions or restrictions applicable to any Award; *provided, however*, that no amendment shall materially impair the rights of the holder thereof without the holder's consent. With respect to any restrictions in the Plan or in any Agreement that are based on the requirements of 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 grant Awards that are not subject to such restrictions and/or to waive any such restrictions with respect to outstanding Awards.

(c) *Delegation by the Committee.* The Committee may, but need not, from time to time delegate some or all of its authority under the Plan to an Administrator consisting of one or more members of the Committee or of one or more officers of the Company; *provided, however*, that the Committee may not delegate its authority (i) to make Awards to employees (A) who are subject on the date of the Award to the reporting rules under Section 16(a) of the Exchange Act, (B) whose compensation for such fiscal year may be subject to the limit on deductible compensation pursuant to Section 162(m) or (C) who are officers of the Company who are delegated authority by the Committee hereunder, or (ii) under Article X of the Plan. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation or thereafter. Nothing in the Plan shall be construed as obligating the Committee to delegate authority to an Administrator, and the Committee may at any time rescind the authority delegated to an Administrator appointed hereunder or appoint a new Administrator. At all times, the Administrator appointed under this Section 1.3(c) shall serve in such capacity at the pleasure of the Committee. Any action undertaken by the Administrator in accordance with the Committee's delegation of authority shall have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the Committee shall, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to the Administrator.

Section 1.4 Eligible Persons.

Awards may be granted to any employee of the Company or any of its Subsidiaries.

Section 1.5 Class B Common Stock Subject to the Plan.

(a) *Plan Limit.* The shares of Class B Common Stock subject to Awards under the Plan shall be made available from authorized but unissued Class B Common Stock, from Class B Common Stock issued and held in the treasury of the Company or, subject to such conditions as the Committee may determine, from shares beneficially owned by one or more stockholders of the Company. Subject to adjustment under Article IX hereof, the total number of shares of Class B Common Stock that may be distributed under the Plan (the "Section 1.5 Limit") shall not exceed, (i) 50 million shares of Class B Common Stock.

(b) *Plan Sub-Limits.* Subject to adjustment under Article VIII hereof, the maximum aggregate number of shares of Class B Common Stock that may be issued in conjunction with awards of (i) Restricted Shares, Restricted Share Units, unrestricted shares of Class B Common Stock, Performance Shares and Dividend Equivalents, and (ii) Performance Units and Other Awards but only if the Performance Units or Other Awards are paid or settled in shares of Class B Common Stock, is 25 million shares, *provided* that, subject to adjustment under Article VIII hereof, no more than 27,000 shares may be issued as unrestricted Class B Common Stock. Subject to adjustment under Article VIII hereof, the maximum aggregate number of shares of Class B Common Stock that may be issued in conjunction with awards of Incentive Stock Options is 5 million shares of Class B Common Stock.

(c) *Rules Applicable to Determining Shares Available for Issuance.* For purposes of determining the number of shares of Class B Common Stock that remain available for issuance, the following rules apply:

(i) In connection with the granting of an Award (other than an Award denominated in dollars), the number of shares of Class B Common Stock in respect of which the Award is granted or denominated shall be counted against the Section 1.5 Limit (and, if applicable, the limits set forth in Section 1.5(b)).

(ii) To the extent permitted by law or the rules and regulations of any stock exchange on which the Class B Common Stock is listed, the number of shares of Class B Common Stock that shall be added back to the Section 1.5 Limit (and, if applicable, the limits set forth in Section 1.5(b)) and shall again be available for Awards, shall be the corresponding number of shares of Class B Common Stock that are (A) tendered in payment of the exercise price of an Award or to satisfy a Participant's tax or other withholding obligations with respect to an Award; (B) subject to an Award which for any reason expires or is cancelled, forfeited, or terminated without having been exercised or paid; (C) withheld from any Award to satisfy a Participant's tax or other withholding obligations or to pay the exercise price of an Award; and (D) subject to Awards that are instead settled in cash. Anything to the contrary in this Section 1.5(c) notwithstanding, if an Award is settled in whole or in part by delivery of fewer than the full number of shares of Class B Common Stock subject to such Award, the excess, if any, of the number of shares of Class B Common Stock subject to the Award over the number of shares of Class B Common Stock delivered to the Participant upon exercise or settlement shall not be counted against the Section 1.5 Limit (and, if applicable, the limits set forth in Section 1.5(b)) and shall again be available for Awards.

(iii) Any shares of Class B Common Stock underlying Substitute Awards or Replacement Awards shall not be counted against the Section 1.5 Limit (and, if applicable, the limits set forth in Section 1.5(b)).

Section 1.6 Section 162(m) Limits on Awards to Participants.

(a) *Limits on Certain Stock Options, Stock Appreciation Rights and Phantom Shares.* The maximum aggregate number of shares of Class B Common Stock that may be granted to any Participant during the five-year period starting on the Effective Date of the Plan with respect to Stock Options, Stock Appreciation Rights or Phantom Shares is 7.5 million (regardless of whether Stock Appreciation Rights and Phantom Shares are settled in

cash, Class B Common Stock, other Company securities or a combination thereof), subject to adjustment pursuant to Article IX hereof.

(b) *Limits on other Awards.* The maximum amount of Awards (other than those Awards set forth in Section 1.6(a)) intended to qualify for the Section 162(m) Exception that may be awarded to any Participant in respect of any Performance Period is \$50 million (with respect to Awards denominated in cash) and 750,000 shares of Class B Common Stock (with respect to Awards denominated in shares of Class B Common Stock), subject to adjustment pursuant to Article VIII hereof. Notwithstanding the preceding sentence, if in respect of any Performance Period, the Committee grants to a Participant Awards having an aggregate dollar value and/or number of shares less than the maximum dollar value and/or number of shares that could be paid or awarded to such Participant based on the degree to which the relevant Performance Goals were attained, the excess of such maximum dollar value and/or number of shares over the aggregate dollar value and/or number of shares actually subject to Awards granted to such Participant shall be carried forward and shall increase the maximum dollar value and/or number of shares that may be awarded to such Participant in respect of the next Performance Period in respect of which the Committee grants to such Participant an Award intended to qualify for the Section 162(m) Exception, subject to adjustment pursuant to Article IX hereof.

Section 1.7 Agreements.

The Committee shall determine and set forth in an Agreement the terms and conditions of each Award (other than an Award of unrestricted Class B Common Stock). Each Agreement (i) shall state the Date of Grant and the name of the Participant, (ii) shall specify the terms of the Award, (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 or otherwise made available 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 adjust the terms of the Agreements relating to an Award in a jurisdiction outside of the United States (i) to comply with the laws of such jurisdiction or (ii) to obtain more favorable tax treatment for the Company and/or any Subsidiary, as applicable, and/or for the Participants in 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. 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, any vesting schedule, any Performance Goals and any other terms that the Committee deems appropriate.

Section 2.2 Exercise Price.

The Committee shall establish the per share exercise price of a Stock Option on the Date of Grant in such amount as the Committee shall determine; *provided* that 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. Notwithstanding the foregoing, the per share exercise price of a Stock Option that is a Substitute Award may be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant, *provided* that the excess of:

- (i) the aggregate Fair Market Value (as of the Date of Grant of such Substitute Award) of the shares of Class B Common Stock subject to the Substitute Award, over

(ii) the aggregate exercise price thereof,

does not exceed the excess of:

(iii) the aggregate fair market value (as of the time immediately preceding the transaction pursuant to which the Substitute Award was granted, such fair market value to be determined by the Committee) of the shares of the predecessor entity that were subject to the award assumed or substituted for by the Company, over

(iv) the aggregate exercise price of such shares.

The exercise price of any Stock Option will be subject to adjustment in accordance with the provisions of Article IX 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). The Committee shall establish the vesting schedule applicable to the Stock Options granted hereunder, which vesting schedule shall specify the period of time, the increments in which a Participant shall vest in the Stock Options and/or any applicable Performance Goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement (or any employment agreement applicable to the Participant). The Committee may, 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.

(c) *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 (i) 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 (ii) 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 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.

(d) *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 or as otherwise determined by the Committee, 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 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 his outstanding Stock Options to the extent exercisable on the date of Retirement until the earlier of the third anniversary of such date or the Expiration Date; (C) the Permanent Disability of

the Participant occurs, his Outstanding Stock Options may be exercised to the extent exercisable upon the date of the onset of such Permanent Disability until the earlier of the third anniversary of such date or the Expiration Date; and (D) a Participant dies during a period during which his Stock Options could have been exercised by him, his Outstanding Stock Options 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 the Expiration Date. Except as otherwise provided in this Section 2.3 or as otherwise determined by the Committee, upon the occurrence of an event described in clauses (A), (B), (C) or (D) of this Section 2.3(d)(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(d) to the contrary notwithstanding and unless the Committee determines otherwise, 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. If the date determined in accordance with the preceding sentence is not a business day, the Stock Options may be exercised up to and including the last business day before such date.

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 on or before the settlement date for the shares of Class B Common Stock issued pursuant to the exercise of the Stock Options 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, 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. If the Agreement so provides, such exercise price may also be paid in whole or in part using a net share settlement procedure or through the withholding of shares subject to the Stock Option with a value equal to the exercise price. In accordance with the rules and procedures established by the Committee for this purpose, a Stock Option may also be exercised through a "cashless exercise" procedure, approved by the Committee, involving a broker or dealer, that affords Participants the opportunity to sell immediately some or all of the shares underlying the exercised portion of the Stock Option in order to generate sufficient cash to pay the exercise price of the Option.

Section 2.5 Repricing of Stock Options.

The Committee may not "reprice" any Stock Option. "Reprice" means any of the following or any other action that has the same effect: (i) amending a Stock Option to reduce its exercise price, (ii) canceling a Stock Option at a time when its exercise price exceeds the Fair Market Value of a share of Class B Common Stock in exchange for a Stock Option, Restricted Share or other equity award unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction, or (iii) taking any other action that is treated as a repricing under GAAP, *provided* that nothing in this Section 2.5 shall prevent the Committee from making adjustments pursuant to Article IX. The provisions of this Section 2.5 shall not apply to any exchange offer that is initiated prior to the first anniversary of the Separation Date and relates exclusively to Stock Options that were awarded in connection with the Separation in substitution for options to purchase shares of the former Viacom Inc. (renamed CBS Corporation) granted prior to the Separation Date. Awards granted in connection with an exchange offer conducted pursuant to the preceding sentence shall be considered Replacement Awards for purposes of the Plan.

Section 2.6 Stock Appreciation Rights.

(a) *Generally.* The Committee may grant Stock Appreciation Rights alone or in tandem with other Awards.

(b) *Stock Appreciation Rights Granted In Tandem with Stock Options.* If the Stock Appreciation Right is granted in tandem with a Stock Option, such Stock Appreciation Right may be granted either at the time of the grant of the Stock Option or by amendment at any time prior to the exercise, expiration or termination of such Stock Option. The 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 of Class B Common Stock or such other securities.

(c) *Stock Appreciation Rights Granted Alone or In Tandem with Awards Other Than Stock Options.* Subject to the next sentence, Stock Appreciation Rights granted alone or in tandem with Awards other than Stock Options shall be subject to such terms and conditions as the Committee shall establish at or after the time of grant and set forth in the applicable Agreement. The Committee shall establish the per share exercise price of a Stock Appreciation Right granted alone on the Date of Grant in such amount as the Committee shall determine; *provided* that 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, unless such Stock Appreciation Right is subject to any Performance Goals pursuant to Article VI. In addition, notwithstanding the foregoing, the per share exercise price of a Stock Appreciation Right that is a Substitute Award may be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant; *provided* that the excess of:

(i) the aggregate Fair Market Value (as of the Date of Grant of such Substitute Award) of the shares of Class B Common Stock subject to the Substitute Award, over

(ii) the aggregate exercise price thereof,

does not exceed the excess of:

(iii) the aggregate fair market value (as of the time immediately preceding the transaction pursuant to which the Substitute Award was granted, such fair market value to be determined by the Committee) of the shares of the predecessor entity that were subject to the award assumed or substituted for by the Company, over

(iv) the aggregate exercise price of such shares.

The exercise price of any Stock Appreciation Right will be subject to adjustment in accordance with the provisions of Article VIII of the Plan.

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, the vesting schedule (as provided for in Section 3.2 hereof) and any Performance Goals for such Restricted Shares and any other terms that the Committee deems appropriate.

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 Restricted Shares and/or any applicable Performance Goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement, *provided* that in no event may Restricted Shares that vest contingent solely on the requirement of continued employment fully vest in less than three years from the Date of Grant and *provided, further*, that the foregoing minimum vesting requirement shall not apply to any Restricted Shares included in Replacement Awards.

Section 3.3 Rights and Restrictions Governing Restricted Shares.

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 be registered on the books and records of the Company as a stockholder 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. Restricted Share Awards issued hereunder may be evidenced in such manner as the Committee in its discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of one or more stock certificates. If stock certificates are issued, such certificates shall be delivered to the Participant or such certificates 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 the Committee determines otherwise.

Section 3.7 Grants of Unrestricted Shares.

Subject to the limit set forth in the proviso in Section 1.5(b) (as such limit may be adjusted under Article VIII hereof), the Committee may, in its sole discretion, make awards of unrestricted Class B Common Stock to eligible employees in recognition of outstanding achievements and performance.

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, the vesting schedule (as provided for in Section 4.2 hereof) for such Restricted Share Units and any Performance Goals and any other terms that the Committee deems appropriate.

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 Restricted Share Units and/or any applicable Performance Goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement, *provided* that in no event may Restricted Share Units that vest contingent solely on the requirement of continued employment fully vest in less than three years from the Date of Grant and *provided, further*, that the foregoing minimum vesting requirement shall not apply to any Restricted Share Units included in Replacement Awards.

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 Share Units will be payable, at the discretion of the Committee, in cash equal to the Fair Market Value of the shares subject to such Restricted Share Units, in shares of Class B Common Stock or in other securities of the Company designated by the Committee or in a combination of cash, shares of Class B Common Stock or such other securities. Restricted Share Units paid in Class B Common Stock may be evidenced in such manner as the Committee in its discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of one or more stock certificates. If stock certificates are issued, such certificates shall be delivered to the Participant or such certificates 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 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 the Committee determines otherwise 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) and Performance Goals for such Phantom Shares, and any applicable limitation on payment (as provided for in Section 5.4 hereof) for such Phantom Shares and any other terms that the Committee deems appropriate.

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 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, 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 of Class B Common Stock or such other securities, as soon as practicable following the Valuation Date applicable to such Phantom Share.

Section 5.3 Vesting.

The Committee may establish a vesting schedule applicable to Phantom Shares granted hereunder, which vesting schedule shall specify the period of time, the increments in which a Participant shall vest in the Phantom Shares and/or any applicable Performance Goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement.

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), unless the Committee determines otherwise, all rights with respect to Phantom Shares that are not vested as of such date will be relinquished.

(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

PERFORMANCE AWARDS

Section 6.1 Grants of Performance Awards.

The Committee may from time to time grant to eligible employees Performance Awards consisting of Performance Shares or Performance 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. Performance Awards may be granted either alone or in addition to other Awards made under the Plan.

Section 6.2 Performance Goals.

Unless otherwise determined by the Committee, the grant, vesting and/or exercisability of Performance Awards shall be conditioned, in whole or in part, on the attainment of performance targets, in whole or in part, related to one or more performance goals over a Performance Period. For any such Performance Awards that are intended to qualify for the Section 162(m) Exception, the performance targets on which the grant, vesting and/or exercisability are conditioned shall be selected by the Committee from among the following goals (the "Section 162(m) Performance Goals"): OIBDA, OIBDA Without Intercompany Eliminations, Operating Income, Free Cash Flow, Net Earnings, Net Earnings from Continuing Operations, Earnings Per Share, Revenue, Net Revenue, Operating Revenue, total shareholder return, share price, return on equity, return in excess of cost of capital, profit in excess of cost of capital, return on assets, return on invested capital, net operating profit after tax, operating margin, profit margin or any combination thereof. In addition, for any Awards not intended to qualify for the Section 162(m) Exception, the Committee may establish performance targets based on other performance goals as it deems appropriate (together with the Section 162(m) Performance Goals, the "Performance Goals"). The Performance Goals may be described in terms of objectives that are related to the individual Participant or objectives that are Company-wide or related to a Subsidiary, division, department, region, function or business unit and may be measured on an absolute or cumulative basis or on the basis of percentage of improvement over time, and may be measured in terms of Company performance (or performance of the applicable Subsidiary, division, department, region, function or business unit) or measured relative to selected peer companies or a market index.

Section 6.3 Performance Goals on Awards other than Performance Awards.

The Committee, in its sole discretion, may also require that the grant, vesting and/or exercisability of Awards other than Performance Awards be conditioned, in whole or in part, on the attainment of performance targets, in whole or in part, related to Performance Goals over a Performance Period, as described in Section 6.2.

Section 6.4 Discretion to Reduce Awards.

The Committee retains the right to reduce any Award below the maximum amount that could be paid based on the degree to which the Performance Goals related to such Award were attained. The Committee may not increase any Award intended to qualify for the Section 162(m) Exception in any manner that would adversely affect the treatment of the Award under the Section 162(m) Exception.

Section 6.5 Adjustment of Calculation of Performance Goals.

In the event that, during any Performance Period, any recapitalization, reorganization, merger, acquisition, divestiture, consolidation, spin-off, combination, liquidation, dissolution, sale of assets or other similar corporate transaction or event, or any other extraordinary event or circumstance occurs which has the effect, as determined by the Committee, in its sole and absolute discretion, of distorting the applicable performance criteria involving the Company, including, without limitation, changes in accounting standards, the Committee may adjust or modify, as determined by the Committee, in its sole and absolute discretion, the calculation of the Performance Goals, to the extent necessary to prevent reduction or enlargement of the Participants' Awards under the Plan for such Performance Period attributable to such transaction, circumstance or event. All determinations that the Committee makes pursuant to this Section 6.5 shall be conclusive and binding on all persons for all purposes.

ARTICLE VII

SUBSTITUTE AWARDS

Notwithstanding any terms or conditions of the Plan to the contrary, the Committee may provide for Substitute Awards under the Plan upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity all or a portion of the assets or equity of which is acquired by the Company, with which the Company merges or otherwise combines or from which the Company is spun-off or otherwise separated. Without limiting the generality of the preceding sentence, Substitute Awards include Awards granted in connection with the Separation in substitution for stock options, restricted share units and other awards of the former Viacom Inc. (renamed CBS Corporation) granted prior to the Separation Date. Notwithstanding any terms or conditions of the Plan to the contrary, Substitute Awards may have substantially the same terms and conditions, including without limitation provisions relating to vesting, exercise periods, expiration, payment, forfeiture, and the consequences of termination of employment and changes in control, as the awards that they replace.

ARTICLE VIII

DIVIDEND EQUIVALENTS AND OTHER AWARDS

Section 8.1 Dividend Equivalents.

Subject to the provisions of this Plan and any Agreement, the recipient of an Award (including, without limitation, any Award deferred pursuant to Section 9.9) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, interest or dividends or Dividend Equivalents, with respect to the number of shares of Class B Common Stock covered by the Award, as determined by the Committee, in its sole discretion, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional shares of Class B Common Stock or otherwise reinvested and/or shall be subject to the same terms and conditions (including vesting and forfeiture provisions) as the related Award. Unless otherwise determined by the Committee, the terms of any deferral or reinvestment of such amounts (if any) shall comply with all applicable laws, rules and regulations, including, without limitation, Section 409A.

Section 8.2 Other Awards.

The Committee shall have the authority to specify the terms and provisions of other forms of equity-based or equity-related awards not described above that the Committee determines to be consistent with the purpose of the Plan and the interests of the Company. Other Awards may also include cash payments under the Plan which may be

based on one or more criteria determined by the Committee that are unrelated to the value of Class B Common Stock and that may be granted in tandem with, or independent of, Awards granted under the Plan.

ARTICLE IX

EFFECT OF CERTAIN CORPORATE CHANGES

In the event of a merger, consolidation, stock-split, reverse stock-split, dividend, distribution, combination, reclassification, reorganization, split-up, spin-off or recapitalization that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Committee shall make such adjustments, if any, to (i) the number and kind of securities subject to any outstanding Award, (ii) the exercise price or purchase price, if any, of any outstanding Award or the Initial Value of any Outstanding Phantom Shares, and (iii) the maximum number and kind of securities referred to in Section 1.5(a) and (b) and Section 1.6(a) and Section 1.6(b) of the Plan, in each case, as it deems appropriate. The Committee 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. All determinations that the Committee makes pursuant to this Article IX shall be conclusive and binding on all persons for all purposes.

ARTICLE X

MISCELLANEOUS

Section 10.1 No Rights to Awards or Continued Employment.

Nothing in the Plan or in any Agreement, nor the grant of any Award under the Plan, shall confer upon any individual any right to be employed by or to continue in the employment of 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 Awards 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 for any reason.

Section 10.2 Restriction on Transfer.

The rights of a Participant with respect to any Award shall be exercisable during the Participant's lifetime only by the Participant and shall not be transferable by the Participant to whom such Award is granted, except by will or the laws of descent and distribution, *provided* that the Committee may permit other transferability, subject to any conditions and limitations that it may, in its sole discretion, impose.

Section 10.3 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 or settlement of any Award 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 required to be withheld as a result of such exercise or settlement. In addition, the Committee may establish procedures to allow Participants to satisfy such withholding obligations through a net share settlement procedure or the withholding of shares subject to the applicable Award, or through a "cashless exercise" procedure as described in Section 2.4. Any Participant who makes an election under Section 83(b) of the Code to have his Award 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 10.4 Stockholder Rights.

No Award 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 the Participant, the Participant's estate or the permitted transferee is registered on the books and records of the Company as a stockholder with respect to the exercise or settlement of such Award.

Section 10.5 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, recapitalizations, reorganizations 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.

Section 10.6 Source of Payments.

The general funds of the Company shall be the sole source of cash settlements of Awards 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 10.7 Exercise Periods Following Termination of Employment.

For the purposes of determining the dates on which Awards 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 Award 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 an Award may be exercised is the last business day preceding the end of the exercise period.

Section 10.8 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 Awards 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.

Section 10.9 Deferral of Awards.

The Committee may establish procedures pursuant to which the payment of any Award may be deferred.

Section 10.10 Employment of Participant by Subsidiary.

Unless the Committee determines otherwise, the employment of a Participant who works for a Subsidiary shall terminate, for Plan purposes, on the date on which the Participant's employing company ceases to be a Subsidiary.

Section 10.11 Section 409A.

If any provision of the Plan or an Agreement contravenes any regulations or Treasury guidance promulgated under Section 409A or could cause a Participant to be subject to the interest and penalties under Section 409A, such provision of the Plan or any Agreement shall be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A. Moreover, any discretionary authority that the Board or the Committee may have pursuant to the Plan shall not be applicable to an Award that is subject to Section 409A to the extent such discretionary authority will contravene Section 409A.

ARTICLE XI

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 an Award has been made, materially adversely affect the rights of such Participant in such Award. Notwithstanding any provision herein to the contrary, the Committee shall have broad authority to amend the Plan or any outstanding Award under the Plan without approval of the Participant to the extent necessary or desirable (i) to comply with, or take into account changes in, applicable tax laws, securities laws, accounting rules and other applicable laws, rules and regulations or (ii) to ensure that a Participant is not subject to interest and penalties under Section 409A with respect to any Award. Unless previously terminated pursuant to this Article XI, the Plan shall terminate on the fifth anniversary of the Effective Date, and no further Awards may be granted hereunder after such date.

ARTICLE XII

INTERPRETATION

Section 12.1 Governmental Regulations.

The Plan, and all Awards hereunder, shall be subject to all applicable rules and regulations of governmental or other authorities.

Section 12.2 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 12.3 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 XIII

EFFECTIVE DATE AND STOCKHOLDER APPROVAL

The Plan became effective as of January 1, 2006.

Viacom Excess Pension Plan
Effective January 1, 2006

1. Establishment and Effective Date

- (a) Effective January 1, 1989, Viacom Inc. established and maintained an unfunded plan of deferred compensation. This plan was originally named the Excess Pension Plan for Certain Employees of Viacom International Inc., was renamed the Viacom Excess Pension Plan, and was maintained by Viacom Inc. (EIN 04-2949533) on December 31, 2005. The discussion below refers to Viacom Inc. prior to 2006 as "Old Viacom" and to the Viacom Excess Pension Plan prior to 2006 as the "Old Viacom Excess Pension Plan."
- (b) On December 31, 2005, Old Viacom was restructured and separated into two publicly traded companies – Old Viacom, which was renamed CBS Corporation, and a new company outside the controlled group of Old Viacom, which was named Viacom Inc. (EIN 20-3515052). New Viacom Inc. consists principally of the following businesses: MTV Networks, BET, Paramount Pictures, Paramount Home Entertainment, and Famous Music. This new plan – the new Viacom Excess Pension Plan – was created, effective January 1, 2006, to benefit the employees of the new Viacom Inc. (the "Company" or "Viacom Inc.") and its participating subsidiaries. Old Viacom approved the spinoff of benefit liabilities associated with (a) Old Viacom Excess Pension Plan participants who were employees of Old Viacom and its subsidiaries on December 31, 2005 and became employees of a business which is part of the new Viacom Inc. controlled group on January 1, 2006, (b) Old Viacom Excess Pension Plan participants who terminated employment with Old Viacom and its subsidiaries prior to December 31, 2005 and whose last employment with Old Viacom and its subsidiaries prior to January 1, 2006 was with a business which is part of the new Viacom Inc. controlled group on January 1, 2006 (including last employment with the Paramount Pictures corporate office, but not with the Old Viacom corporate office), and (c) Old Viacom Excess Pension Plan participants who terminated employment with Old Viacom and its subsidiaries prior to January 1, 2006 and whose last employment with Old Viacom and its subsidiaries prior to January 1, 2006 was with Blockbuster Inc and its subsidiaries. The new Viacom Inc. adopted this new Plan, which was first effective on January 1, 2006. The amount of any spun-off liabilities was determined under the terms of the Old Viacom Excess Pension Plan as in effect on December 31, 2005.

2. Purpose

The purpose of this Plan is to provide benefits to employees who are participants in the Viacom Pension Plan (the "Qualified Plan") and whose benefits under the Qualified Plan

are subject to limitations imposed by Section 401(a)(17) and Section 415 of the Internal Revenue Code of 1986, as amended (the "Code"). Before January 1, 2006, the Qualified Plan was maintained by Old Viacom. Effective January 1, 2006, certain Qualified Plan assets and liabilities were spun off from the old Qualified Plan to a new Qualified Plan, maintained by new Viacom Inc. References below to the Qualified Plan mean the old Qualified Plan for periods prior to January 1, 2006 and the new Qualified Plan for periods on and after January 1, 2006. This Plan is intended to comply with Section 409A of the Code. However, the Plan remains subject to further modifications once final Section 409A regulations or Internal Revenue Service guidance has been issued.

3. Administration

This Plan shall be administered by the Retirement Committee appointed by the Board of Directors of the Company (hereinafter called "the Committee"), which shall administer it in a manner consistent with the administration of the Qualified Plan, except that this Plan shall be administered as an unfunded plan that is not intended to meet the qualification requirements of Section 401(a) of the Code. The Committee's decisions in all matters involving the interpretation and application of this Plan shall be final. The Committee may act on its own behalf or through the actions of its duly authorized representative.

The Committee shall be the final review committee under the Plan, with the authority to determine conclusively for all parties any and all questions arising from the administration of the Plan, and shall have sole and complete discretionary authority and control to manage the operation and administration of the Plan, including, but not limited to, the determination of all questions relating to eligibility for participation and benefits, interpretation of all Plan provisions, determination of the amount and kind of benefits payable to any participant, spouse or beneficiary, and construction of disputed or doubtful terms. Such decisions shall be conclusive and binding on all parties and not subject to further review.

4. Eligibility

Employees eligible to participate in the Plan are those Employees who are (i) Participants in the Qualified Plan and whose annual salary and commissions are payable at a rate equal to or in excess of the annual compensation limit in effect under Section 401(a)(17) of the Code, and (ii) designated by the Committee as Employees eligible to participate in the Plan. If an Employee becomes an eligible Employee in any Plan Year, such Employee shall remain an eligible Employee for all future Plan Years.

For purposes of this Plan, "Compensation" means the total compensation taken into account under the Qualified Plan (without regard to the limitations of Section 401(a)(17) of the Code and the regulations thereunder) plus any deferrals under any non-qualified deferred compensation plan maintained by the Company, including bonus deferrals under any such plan.

In general, an eligible Employee's Compensation under this Plan and the Viacom Pension Plan shall be subject to a maximum annual Compensation limit of \$750,000. However, special limits on annual Compensation are set out in Appendix A.

In no event shall an Employee who is not eligible to participate in the Qualified Plan be eligible to participate in this Plan.

5. Amount of Benefit

The benefits payable to an eligible Employee or his beneficiary(ies) under this Plan shall equal the excess, if any, of:

- (a) the benefits which would have been paid to such Employee, or on his behalf to his beneficiary(ies), under the Qualified Plan, if the provisions of such Plan were administered without regard to the limitations required by Code Sections 401(a)(17) and 415 and by including all Compensation (as defined in Section 4 above) earned by such Employee, over
- (b) the benefits which are payable to such Employee or on his behalf to his beneficiary(ies) under the Qualified Plan.

In determining the benefits of any eligible Employee who prior to January 1, 1996 was a participant in the Paramount Communications Inc. Retirement Plan, such eligible Employee shall not be credited with any Benefit Service prior to January 1, 1996.

6. Payment of Benefits

- (a) Ongoing Benefit. An eligible Employee's Ongoing Benefit means the portion of his benefit accrued, earned, or vested after December 31, 2004. Subject to the last paragraph of this Section 6(a), an eligible Employee's Ongoing Benefit shall be paid in an annuity form beginning as of the later of (i) the first of the month following or coincident with the six-month anniversary of the Employee's separation from service, within the meaning of Code section 409A, or (ii) whichever of the following applies: (I) in general, the first of the month following or coincident with the eligible Employee's attainment of age 55, (II) in the event the Employee becomes Disabled (as defined in the Qualified Plan), the later of (A) the first of the month following or coincident with the Employee's ceasing to receive disability benefits under the Company's long term disability plan, or (B) the first of the month following or coincident with the eligible Employee's attainment of age 55, or (III) in the event the Employee's termination of employment is on account of death, the first of the month following or coincident with the date the eligible Employee would have attained age 55.

In general, an eligible Employee's Ongoing Benefit shall be paid in a single life annuity form if the Employee does not have a spouse or a Same Sex Domestic Partner (as defined in the Qualified Plan), and shall be paid in a 50% joint and survivor annuity form if the eligible Employee has a spouse or a Same Sex Domestic Partner. However, an eligible Employee may elect, during the 90-to-30 day period preceding the eligible Employee's annuity commencement date, any life annuity distribution form that is available under the Qualified Plan provided the annuity distribution forms are actuarially equivalent applying reasonable actuarial assumptions. If the eligible Employee has a spouse or a Same Sex Domestic Partner at the annuity commencement date, the spouse or Same Sex Domestic Partner must consent to the alternative distribution form, and such consent must be witnessed by a notary public.

Notwithstanding the provisions of this Section 6(a), Ongoing Benefits that commence during 2006 (or such later year as may be permitted under agency guidance implementing Code section 409A) shall be subject to the Grandfathered Benefit payment rules set out in Section 6(b) below rather than the provisions of this Section 6(a). If the agency guidance implementing Code section 409A does not extend the time for Grandfathered Benefit payment rules, the Ongoing Benefit of an Employee who terminated employment in 2005 or 2006 will be subject to the provisions of Section 6(a) beginning January 1, 2007.

- (b) **Grandfathered Benefit.** Payment of Grandfathered Benefits under this Plan shall be coincident with and in the same form and manner as the payment of the limited benefit payments made to the Employee or on his behalf to his beneficiaries under the Qualified Plan. An eligible Employee's Grandfathered Benefit means the portion of his benefit accrued, earned, and vested before January 1, 2005 under the Old Viacom Excess Pension Plan.

7. Benefits payable from Company assets

Benefits under this Plan shall be payable from the general assets of the Company.

8. Amendment and Discontinuance

The Company expects to continue this Plan indefinitely. However, the Board of Directors of the Company shall have the right to amend, suspend or terminate the Plan at any time, if, in its sole judgment, such a change is deemed necessary or desirable. The Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents.

However, if the Board of Directors of the Company or the Committee should amend the Plan, or if the Board of Directors of the Company should suspend or terminate the Plan,

the Company shall be liable for any benefits that would have been accrued by an Employee under the Plan if the Employee had terminated employment on the date of such amendment, suspension or plan termination

9. Claims Procedure

The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder.

- (a) Claim for Benefit. Claims as to the amount of any distribution or method of payment under the Plan must be submitted in writing to the Committee. The Committee shall notify the Participant of its decision by written or electronic notice, in a manner calculated to be understood by the Participant. The notice shall set forth:
- (i) the specific reasons for the denial of the claim;
 - (ii) a reference to specific provisions of the Plan on which the denial is based;
 - (iii) a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary; and
 - (iv) an explanation of the Plan's claims review procedure for the denied or partially denied claim and any applicable time limits, and a statement that the Participant has a right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") following an adverse benefit determination on review.

Such notification shall be given within 90 days after the claim is received by the Committee (or within 180 days, if special circumstances require an extension of time for processing the claim, and provided written notice of such extension and circumstances and the date a decision is expected is given the Participant within the initial 90-day period). The time period begins when the claim is filed, regardless of whether the Plan has all of the information necessary to decide the claim at the time of filing. A claim is considered approved only if its approval is communicated in writing to the Participant.

- (b) Review or Denial of Claim. Upon denial of a claim in whole or in part, a Participant shall have the right to submit a written request to the Committee for a full and fair review of the denied claim. A request for review of a claim must be submitted within 60 days of receipt by the Participant of written notice of the denial of the claim. If the Participant

fails to file a request for review within 60 days of the denial notification, the claim will be deemed abandoned and the Participant precluded from reasserting it. Also, if the Participant is not provided a notice of denial, the Participant may submit a written request for review to the Committee.

The Participant shall have, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Participant's claim for benefits. The Participant may submit written comments, documents, records, and other information relating to the claim for benefits. The review shall take into account all comments, documents, records, and other information submitted by the Participant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. Failure to raise issues or present evidence on review will preclude those issues or evidence from being presented in any subsequent proceeding or judicial review of the claim.

- (c) Decision by the Committee. The Committee will advise the Participant of the results of the review within 60 days after receipt of the written request for review (or within 120 days if special circumstances require an extension of time for processing the request, and if notice of such extension and circumstances is given to such Participant within the initial 60 day period).

The decision on review shall be in written or electronic form, in a manner calculated to be understood by the Participant. The notice shall set forth:

- (i) the specific reasons for the denial of the appeal of the claim;
- (ii) the specific reference to pertinent provisions of the Plan on which the denial is based;
- (iii) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Participant's claim for benefits;
- (iv) a statement describing any voluntary appeal procedures offered by the Plan (if any) and the Participant's right to obtain the information about such procedures and a statement of the Participant's right to bring an action under Section 502(a) of ERISA.

To the extent of its responsibility to review the denial of benefit claims, the Committee shall have full authority to interpret and apply in its

discretion the provisions of the Plan. The Committee may request a meeting to clarify any matters deemed appropriate.

A Participant, beneficiary, or other individual alleging a violation of or seeking any remedy under any provision of ERISA shall also be subject to the claims procedure described in this Section 9. Any such claim shall be filed within one year of the time the claim arises or it shall be deemed waived and abandoned. Also, any suit or legal action will be subject to a one-year limitation period, measured from the date a claim arises and tolled during the period that any claim is pending under the claims procedures of this Section 9.

Appendix A — Special Limits on Annual Compensation

Notwithstanding the provisions of Section 4 of the Plan, the following special limits on annual Compensation shall apply:

- For Employees eligible as of December 31, 1995 under the Old Viacom Excess Pension Plan and whose Compensation for the 1995 Plan Year exceeded \$750,000, the maximum annual Compensation under this Plan and the Viacom Pension Plan for the 1996 Plan Year and each subsequent Plan Year shall be the Employee's Compensation under the Old Viacom Excess Pension Plan for the 1995 Plan Year.
- For a Participant who is also a full-time employee of CBS Corporation or a member of its controlled group and a participant in the Old Viacom Pension Plan and the Old Viacom Excess Pension Plan on and after January 1, 2006, the maximum annual Compensation for the 2006 Plan Year and each subsequent Plan Year shall be \$375,000.

**VIACOM
EXCESS 401(k) PLAN
FOR DESIGNATED SENIOR EXECUTIVES**

EFFECTIVE JANUARY 1, 2006

Section 1. Establishment and Purpose of the Plan.

1.1 Establishment.

(a) Effective August 28, 2002, Viacom Inc. established and maintained an unfunded plan of voluntarily deferred compensation. The plan was known as the Viacom Excess 401(k) Plan for Designated Senior Executives. The discussion below refers to Viacom Inc. prior to 2006 as "Old Viacom" and to the Viacom Excess 401(k) Plan for Designated Senior Executives prior to 2006 as the "Old Viacom Excess 401(k) Plan for Designated Senior Executives."

(b) On December 31, 2005, Old Viacom was restructured and separated into two publicly traded companies — Old Viacom, which was renamed CBS Corporation, and a new company outside the controlled group of Old Viacom, which was named Viacom Inc. (EIN 20-3515052). New Viacom Inc. consists principally of the following businesses: MTV Networks, BET, Paramount Pictures, Paramount Home Entertainment, and Famous Music. This new plan—the new Viacom Excess 401(k) Plan for Designated Senior Executives — was created, effective January 1, 2006, to benefit the employees of the new Viacom Inc. (the "Company" or "Viacom Inc.") and its participating subsidiaries. Old Viacom approved the spinoff of benefit liabilities associated with (1) participants in the Old Viacom Excess 401(k) Plan for Designated Senior Executives who were employees of Old Viacom and its subsidiaries on December 31, 2005 and were employees of a business which is part of the new Viacom Inc. controlled group on January 1, 2006 and (2) participants in the Old Viacom Excess 401(k) Plan for Designated Senior Executives who terminated employment with Old Viacom and its subsidiaries prior to December 31, 2005 and whose last employment with Old Viacom and its subsidiaries prior to January 1, 2006 was with a business which is part of the new Viacom Inc. controlled group on January 1, 2006 (including last employment with the Paramount Pictures corporate office, but not with the Old Viacom corporate office). The new Viacom Inc. adopted this new Plan, which was first effective on January 1, 2006. The amount of any spun-off liabilities was determined under the terms of the Old Viacom Excess 401(k) Plan for Designated Senior Executives as in effect on December 31, 2005.

1.2 Purpose. The purpose of this Plan is to provide benefits to Reporting Employees who are participants in the Viacom 401(k) Plan and whose annual base salary and commissions exceed annual Internal Revenue Code compensation limits. Under the Plan, an Eligible Employee may, in certain circumstances, elect to defer receipt of a portion of his Compensation. The Plan also provides that the Company will, in certain instances, credit the Ongoing Account of a Participant with an Employer Match. This

Plan is intended to comply with Section 409A of the Internal Revenue Code. However, the Plan remains subject to further modifications once final Section 409A regulations or Internal Revenue Service guidance has been issued.

1.3 Reporting Employees. Participation in this Plan is limited to employees of an Employer who are Reporting Employees. Any deferrals made under the Viacom Excess 401(k) Plan by a Reporting Employee prior to the date he becomes a Reporting Employee shall be transferred to the Plan as of the date such employee becomes a Reporting Employee. Except as provided to the contrary herein, any elections made under the Viacom Excess 401(k) Plan by a Reporting Employee prior to the date his account is transferred to the Plan shall remain in full force and effect in this Plan.

Section 2. Definitions.

The following words and phrases as used in this Plan have the following meanings:

2.1 Account. The term "Account" shall mean a Participant's individual account, as described in Section 4 of the Plan. For Participants who have a positive Account as of December 31, 2005, their Account shall equal the sum of their Grandfathered Account and their Ongoing Account.

2.2 Board of Directors. The term "Board of Directors" means the Board of Directors of the Company.

2.3 Bonus. The term "Bonus" means any cash bonus paid under the Viacom Inc. Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

2.4 Committee. The term "Committee" means the Retirement Committee appointed by the Board of Directors. The Committee may act on its own behalf or through the actions of its duly authorized delegate.

2.5 Company. The term "Company" means Viacom Inc. (EIN No. 20-3515052).

2.6 Compensation. The term "Compensation" means an Eligible Employee's annual compensation as defined in the Viacom 401(k) Plan, except that the limitations imposed by Section 401(a)(17) of the Internal Revenue Code of 1986 (as amended) (the "Code") and Bonuses shall not be taken into account.

2.7 Disability. A Participant shall be deemed to have incurred a "Disability" or to be "Disabled" if the Participant was Disabled under the terms of the Old Viacom Excess 401(k) Plan for Designated Senior Executives as of December 31, 2004 or if the Participant:

(a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or

(b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the participant's employer.

(c) Relationship to Termination. The date a Participant meets the definition of Disability shall be treated as the date he terminates employment for purposes of Section 6 of the Plan.

2.8 Eligible Employee. The term "Eligible Employee" means an Employee of an Employer (a) for whom the sum of (1) the rate of annual base salary for a particular year and (2) actual commissions received for the prior year, equals or is greater than the annual compensation limit in effect under Internal Revenue Code Section 401(a)(17) (as adjusted from time to time by the Committee) for the particular year, (b) who is designated by the Committee as an employee who is eligible to participate in the Plan, and (c) who is a Reporting Employee. If an employee becomes an Eligible Employee in any Plan Year, such employee shall remain an Eligible Employee for all future Plan Years; provided, however, that the Committee may terminate such employee's eligibility for the Plan if his annual base salary as of January 1 of any Plan Year is less than the amount in clause (a) above in effect for the Plan Year in which such employee initially became an Eligible Employee. All Employees who were Eligible Employees under the old Viacom Excess 401(k) Plan for Designated Senior Executives immediately prior to January 1, 2006 will remain Eligible Employees of this Plan, subject to this Section 2.8.

2.9 Employer. The term "Employer" means the Company and any affiliate or subsidiary that adopts the Plan on behalf of its Eligible Employees.

2.10 Employer Match. The term "Employer Match" means the amounts credited to a Participant's Account with respect to a Participant's Excess Salary Reduction Contributions, calculated using the rate of matching contributions under the Viacom 401(k) Plan in effect at the time such Plan contributions are made.

2.11 Excess Salary Reduction Contributions. The term "Excess Salary Reduction Contributions" means the portion of a Participant's Compensation, excluding any Bonus earned during a Plan Year (after such Participant has reached any Limitation) that he elects to defer under the terms of this Plan.

2.12 Grandfathered Account. "Grandfathered Account" means the portion of a Participant's vested Account balance as of December 31, 2004 under the Old Viacom Excess 401(k) Plan for Designated Senior Executives, adjusted for earnings (or losses) thereon. The Company will keep appropriate records of the Grandfathered Account.

2.13 Grandfathered Account Payment Option. "Grandfathered Account Payment Option" means the payment option that applies to a Participant's Grandfathered Account in this Plan (see Section 5.2) and to his Grandfathered Account in the Viacom Bonus Deferral Plan for Designated Senior Executives. A Participant's Grandfathered Account Payment Option will be his "Joint Payment Option" in effect for the Old Viacom Excess 401(k) Plan for Designated Senior Executives unless and until he changes his Grandfathered Account Payment Option pursuant to Section 5.2(d)(1).

2.14 Investment Options. The term "Investment Options" means the investment funds available to participants in the Viacom 401(k) Plan, excluding the Self-Directed Brokerage Account.

2.15 Limitation. The term "Limitation" means the limitation on contributions to defined contribution plans under Code Section 415(c), on compensation taken into account under Code Section 401(a)(17), or on elective deferrals under Code Section 401(k)(3) and Code Section 402(g).

2.16 Old Viacom. "Old Viacom" shall mean Viacom Inc., EIN 04-2949533, and its successors. Effective January 1, 2006, this entity was renamed CBS Corporation.

2.17 Old Viacom Excess 401(k). "Old Viacom Excess 401(k) Plan" shall mean the Viacom Excess 401(k) Plan, as sponsored by Old Viacom. Effective January 1, 2006, this plan was renamed the CBS Excess 401(k) Plan.

2.18 Old Viacom Excess 401(k) Plan for Designated Senior Executives. "Old Viacom Excess 401(k) Plan for Designated Senior Executives" shall mean the Viacom Excess 401(k) Plan for Designated Senior Executives, as sponsored by Old Viacom. Effective January 1, 2006, this plan was renamed the CBS Excess 401(k) Plan for Designated Senior Executives.

2.19 Ongoing Account. "Ongoing Account" means the portion of a Participant's Account other than his Grandfathered Account.

2.20 Ongoing Account Payment Option. "Ongoing Account Payment Option" means the payment option that applies to a Participant's Ongoing Account in this Plan (see Section 5.2) and to his Ongoing Account in the Viacom Bonus Deferral Plan for Designated Senior Executives. A Participant's Ongoing Account Payment Option in effect for the Old Viacom Excess 401(k) Plan, if any, shall continue in effect under this Plan and shall be irrevocable.

2.21 Participant. The term "Participant" means an Eligible Employee who elects to have Excess Salary Reduction Contributions made to the Plan.

2.22 Plan. The term "Plan" means the Viacom Excess 401(k) Plan for Designated Senior Executives as set forth herein, as amended from time to time.

2.23 Reporting Employee. "Reporting Employee" means an Eligible Employee who is identified by the Company as a reporting person for purposes of Section 16 of the Securities and Exchange Act of 1934 or any employee of an Employer who is eligible to participate in the Plan and whose securities may be attributable to a Reporting Employee for purposes of Section 16 of the Securities and Exchange Act of 1934.

2.24 Viacom 401(k) Plan. "Viacom 401(k) Plan" means, effective January 1, 2006, the Viacom 401(k) Plan sponsored by the Company.

Section 3. Participation.

3.1 Designation of Eligible Employees. All employees who were Eligible Employees under the Old Viacom Excess 401(k) Plan for Designated Senior Executives immediately prior to January 1, 2006 will remain Eligible Employees, subject to Section 2.8. Beginning January 1, 2006, each month the Committee will designate in its sole discretion those employees who satisfy the terms of Section 2.8 as eligible to participate in the Plan.

3.2 Election to Participate. An Eligible Employee must elect to participate in the Plan. An Eligible Employee may elect, at any time after becoming eligible, to begin participation and to commence making Excess Salary Reduction Contributions during the Plan Year by filing an election with the Committee in accordance with this Section 3 and the rules and regulations established by the Committee. For the election to be effective during the Plan Year in which an individual first becomes an Eligible Employee, the election must be made not later than 30 days after the date he first becomes an Eligible Employee. For the election to be effective during any subsequent Plan Year, the election must be made not later than December 31 of the immediately preceding Plan Year. The election will be effective on a prospective basis beginning with the first eligible payroll period, or as soon as administratively practicable thereafter following receipt of the election by the Committee.

3.3 Amendment or Suspension of Election. Participants may change (including, suspend) their existing Excess Salary Reduction Contribution election under this Plan by filing a new election in accordance with the prescribed administrative guidelines, not later than December 31 of the preceding Plan Year. Such change will be effective on a prospective basis beginning with the first payroll period of the Plan Year following receipt of the new election by the Committee, or as soon as administratively practicable following receipt of the new election by the Committee. A Participant will not be permitted to make up suspended Excess Salary Reduction Contributions, and during any period in which a Participant's Excess Salary Reduction Contributions are suspended, the Employer Match to the Plan will also be suspended.

3.4 Amount of Elections.

Each election filed by an Eligible Employee must specify the amount of Excess Salary Reduction Contributions in a whole percentage between 1% and 15% of the

Participants' Compensation, excluding any Bonus. Except as described otherwise in this Section 3.4, no Eligible Employee shall be permitted during any Plan Year to make Excess Salary Reduction Contributions at a rate that exceeds the rate of his Before-Tax Contributions to the Viacom 401(k) Plan as in effect immediately preceding the time that the Eligible Employee actually commences Excess Salary Reduction Contributions to this Plan for that particular Plan Year.

Section 4. Employer Match.

An Employer Match will be credited approximately every two weeks to a Participant's Ongoing Account with respect to the eligible portion of Excess Salary Reduction Contributions of such Participant. The portion of a Participant's Excess Salary Reduction Contributions eligible for a match shall be limited to the first 5% of Compensation contributed each pay period. In general, the portion of a Participant's Excess Salary Reduction Contributions eligible for a match shall be based on Compensation up to an annual maximum amount of \$750,000. However, special limits on annual Compensation are set out in Appendix A.

Section 5. Individual Account.

5.1 Creation of Accounts. The Company will maintain an Ongoing Account in the name of each Participant. Each Participant's Ongoing Account will be credited with the amount of the Participant's Excess Salary Reduction Contributions, and Employer Match, if any, made in all Plan Years. The Company will also maintain a Grandfathered Account for Participants who have a vested Account Balance as of December 31, 2004 under the Old Viacom Excess 401(k) Plan for Designated Senior Executives.

5.2 Election of Payment Option.

(a) Any Grandfathered Account Payment Option shall continue to apply to a Participant's Grandfathered Account until changed by the Participant in accordance with this Section 5.

(b) Any Eligible Employee who does not have an Ongoing Account Payment Option shall elect an Ongoing Account Payment Option at the same time that the Participant files his initial election to commence participation in the Plan pursuant to Section 3.2.

(c) (1) A Participant may elect to receive his Ongoing Account under either of the following Payment Options: (i) a single lump sum; or (ii) annual payments over a period of two, three, four or five years beginning, in either case, the later of (I) on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, or (II) as soon as practicable following the first of the month following or coincident with the six-month anniversary of the Employee's separation from service, within the meaning of Code Section 409A. If no

Ongoing Account Payment Option election is made in accordance with the terms of the Plan or under the Viacom Bonus Deferral Plan for Designated Senior Executives, a Participant shall be deemed to have elected to receive his Ongoing Account in a single lump sum to be paid the later of (i) on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment or (ii) as soon as practicable following the first of the month following or coincident with the six-month anniversary of the Employee's separation from service, within the meaning of Code Section 409A, unless the Participant elects to be paid on or about January 31 of the 2nd, 3rd, 4th or 5th calendar year following the year in which the Participant terminates employment. If a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates, at the time of making his Ongoing Account Payment Option election, a specific percentage of his Ongoing Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

(2) A Participant may elect to receive his Grandfathered Account under either of the following Payment Options: (i) a single lump sum; or (ii) annual payments over a period of two, three, four or five years beginning on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If no Grandfathered Account Payment Option election is made in accordance with the terms of the Plan or under the Viacom Bonus Deferral Plan for Designated Senior Executives, a Participant shall be deemed to have elected to receive his Grandfathered Account in a single lump sum on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If a Participant makes a Grandfathered Account Payment Option election to receive payments in a single lump sum, such lump sum shall be payable on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, unless the Participant elects to be paid on or about January 31 of the 2nd, 3rd, 4th or 5th calendar year following the year in which the Participant terminates employment. If a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates, at the time of making his Grandfathered Account Payment Option election, a specific percentage of his Grandfathered Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

Example 1: If a Participant (i) elects (or is deemed to elect) a Grandfathered Account or Ongoing Account Payment Option that provides for a lump sum payment in the year following the Plan Year in which he terminates employment and (ii) terminates employment in February 2006, such lump sum shall be paid on or about January 31, 2007. A Participant alternatively could designate January 31 of 2008, 2009, 2010 or 2011 in which to receive his lump sum.

Example 2: If a Participant (i) elects a Grandfathered Account or Ongoing Account Payment Option that provides for annual payments over a period of four years and (ii)

terminates employment in February 2006, the first installment from his Grandfathered Account and his Ongoing Account will be paid on or about January 31, 2007 and the subsequent payments will be made on or about January 31 of 2008 through 2010. Each payment on or about January 31 of 2007 through 2010 will be comprised of approximately 25% of the Participant's Grandfathered or Ongoing Account as of December 31 of the calendar year in which the Participant terminates employment. A Participant alternatively could designate 10% of his Grandfathered or Ongoing Account to be distributed in January 2007, 20% in January 2008, 30% in January 2009 and 40% in January 2010; or, any other combination of percentages that totals 100%.

Example 3: If a Participant (i) elects (or is deemed to elect) a Grandfathered Account or Ongoing Account Payment Option that provides for a lump sum payment in the year following the Plan Year in which the Participant terminates employment and (ii) terminates employment in October 2006, his Grandfathered Account lump sum shall be paid on or about January 31, 2007 and his Ongoing Account lump sum shall be paid in May 2007 (as soon as administratively practicable following 6 months after his termination of employment).

Example 4: If a Participant (i) elects a Grandfathered Account or Ongoing Account Payment Option that provides for annual payments over a period of four years and (ii) terminates employment in August 2006, the first installment from his Grandfathered Account will be paid on or about January 31, 2007 and the subsequent payments will be made on or about January 31 of 2008 through 2010. Each payment on or about January 31 of 2007 through 2010 will be comprised of approximately 25% of the Participant's Grandfathered Account as of December 31 of the calendar year in which the Participant terminates employment. The first installment from his Ongoing Account will be paid in March 2007 (as soon as administratively practicable following 6 months after his termination of employment) and each subsequent payment made in January of 2008 through 2010 will be comprised of approximately 25% of the Participant's Ongoing Account as of the Participant's date of termination.

(d) Changes.

(1) Grandfathered Account. With respect to a Grandfathered Account, a Participant may change his Grandfathered Account Payment Option no more than three times over the course of his employment with the Company or any affiliate. A Participant may change an existing Grandfathered Account Payment Option only one time in any calendar year. Any change of a Participant's existing Grandfathered Account Payment Option election made less than six months prior to the Participant's termination of employment for any reason shall be null and void and the Participant's last valid Grandfathered Account Payment Option shall remain in effect.

5.3 Investments.

(a) All Excess Salary Reduction Contributions will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions

been invested in the same Investment Options and in the same proportion as the Participant may elect, from time to time, to have his Salary Reduction Contributions invested under the Viacom 401(k) Plan; or if no such election has been made, in the Plan's stable value fund as designated by the Committee. All Matching Employer Contributions will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions been invested in the Viacom Company Stock Fund in the Viacom 401(k) Plan unless the Participant has transferred any portion of that account to another Investment Option.

(b) If a Participant elects (or is deemed to elect) a single lump sum Grandfathered Account or Ongoing Account Payment Option payable in the first calendar year following the calendar year in which the Participant terminates employment and such payment is made on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, no additional adjustments will be made to the Participant's Grandfathered Account or Ongoing Account after December 31st of the calendar year in which the Participant terminates employment. If however, payment of the Participant's Ongoing Account cannot be made until at least the six-month anniversary of the Employee's separation from service within the meaning of Code Section 409A, the Participant's Ongoing Account shall be credited with earnings based on the rate of return in the Plan's stable value fund as designated by the Committee beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through the end of the month of such six-month anniversary. If a Participant elects a single lump sum Grandfathered Account or Ongoing Account Payment Option payable in the second, third, fourth or fifth calendar year following the calendar year in which the Participant terminates employment, the Participant's Grandfathered Account or Ongoing Account shall be credited with earnings based on the rate of return in the Plan's stable value fund as designated by the Committee beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which the single lump sum is paid.

(c) If a Participant elects annual payments, no additional adjustments will be made to any amount payable in the first calendar year following the year in which the Participant terminates employment. If, however, payment of the first installment of a Participant's Ongoing Account cannot be made until at least the six-month anniversary of the Employee's separation from service within the meaning of Code Section 409A, the Participant's Ongoing Account shall be credited with earnings based on the rate of return in the Plan's stable value fund as designated by the Committee beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through the end of the month of such six-month anniversary. For any annual payments made in the second, third, fourth or fifth year following the calendar year in which the Participant terminates employment, the Participant's Grandfathered or Ongoing Account shall be credited with earnings based on the rate of return in the Plan's stable value fund as designated by the Committee beginning January 1st of the calendar year

following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which each payment is made.

(d) No provision of this Plan shall require the Company or the Employer to actually invest any amounts in any fund or in any other investment vehicle.

5.4 Account Statements. Each Participant will be given, at least annually, a statement showing (a) the amount of all Contributions, (b) the amount of Employer Match, if any, made with respect to his Account for such Plan Year, and (c) the balance of the Participant's Account after crediting Investments.

Section 6. Payment.

6.1 Payment on Account of Termination of Employment For Reasons Other Than Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Grandfathered Account or Ongoing Account following termination of employment in accordance with the Grandfathered Account or Ongoing Account Payment Option in effect with respect to the Participant.

6.2 Payment on Account of Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Grandfathered Account or Ongoing Account following the date he meets the definition of Disability in accordance with the Grandfathered Account or Ongoing Account Payment Option in effect with respect to the Participant. If a Participant no longer meets the definition of Disability and returns to work with an Employer, no further payments shall be made on account of the prior Disability, and distribution of his remaining Grandfathered Account or Ongoing Account shall be made as otherwise provided in this Section 6 at the time of his subsequent termination of employment.

Section 7. Nature of Interest of Participant.

Participation in this Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of the Company or any Employer, and all amounts of Compensation deferred here under shall at all times remain an unrestricted asset of the Company or the Employer. A Participant's rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, or encumbrance. All payments hereunder shall be paid in cash from the general funds of the Company or applicable Employer and no special or separate fund shall be established and no other segregation of assets shall be made to assure the payment of benefits hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between any Employer and a Participant or any other person, and the Company's and each Employer's promise to pay benefits hereunder shall at all times remain unfunded as to the Participant.

Section 8. Hardship Distributions.

8.1 Hardship Definition. A Participant may request the Committee to accelerate distribution of all or any part of the value of his Account solely for the purpose of alleviating an immediate financial emergency. For purposes of this Section 8.1, such an immediate financial emergency shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. This requirement is met only if the amounts distributed with respect to an emergency do not exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), including loans and withdrawals from the Viacom 401(k) Plan.

8.2 Committee Discretion. The Committee may request that the Participant provide certifications and other evidence of qualification for such emergency hardship distribution as it determines appropriate. The decision of the Committee with respect to the grant or denial of all or any part of such request shall be in the sole discretion of the Committee, whether or not the Participant demonstrates that an immediate financial emergency exists, and shall be final and binding and not subject to review.

Section 9. Beneficiary Designation.

A Participant's beneficiary designation for this Plan will automatically be the same as the Participant's beneficiary designation recognized under the Viacom 401(k) Plan, unless a separate Designation of Beneficiary Form for this Plan has been properly filed.

Section 10. Administration.

10.1 Committee. This Plan will be administered by the Committee, the members of which will be selected by the Board of Directors.

10.2 Powers of the Committee. The Committee's powers will include, but will not be limited to, the power:

- (a) to determine who are Eligible Employees for purposes of participation in the Plan;
- (b) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy

possible ambiguities, inconsistencies, or omissions by a general rule or particular decision;

(c) to adopt rules consistent with the Plan; and

(d) to approve certain amendments to the Plan.

10.3 Claims Procedure. The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder.

(a) Claim for Benefit. Claims as to the amount of any distribution or method of payment under the Plan must be submitted in writing to the Committee. The Committee shall notify the Participant of its decision by written or electronic notice, in a manner calculated to be understood by the Participant. The notice shall set forth:

(1) the specific reasons for the denial of the claim;

(2) a reference to specific provisions of the Plan on which the denial is based;

(3) a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary; and

(4) an explanation of the Plan's claims review procedure for the denied or partially denied claim and any applicable time limits, and a statement that the Participant has a right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") following an adverse benefit determination on review.

Such notification shall be given within 90 days after the claim is received by the Committee (or within 180 days, if special circumstances require an extension of time for processing the claim, and provided written notice of such extension and circumstances and the date a decision is expected is given the Participant within the initial 90-day period). The time period begins when the claim is filed, regardless of whether the Plan has all of the information necessary to decide the claim at the time of filing. A claim is considered approved only if its approval is communicated in writing to the Participant.

(b) Review or Denial of Claim. Upon denial of a claim in whole or in part, a Participant shall have the right to submit a written request to the Committee for a full and fair review of the denied claim. A request for review of a claim must be submitted within 60 days of receipt by the Participant of written notice of the denial of the claim. If the Participant fails to file a request for review within 60 days of the denial notification, the claim will be deemed abandoned and the Participant precluded from reasserting it. Also, if the Participant is not provided a notice of denial, the Participant may submit a written request for review to the Committee.

The Participant shall have, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Participant's claim for benefits. The Participant may submit written comments, documents, records, and other information relating to the claim for benefits. The review shall take into account all comments, documents, records, and other information submitted by the Participant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. Failure to raise issues or present evidence on review will preclude those issues or evidence from being presented in any subsequent proceeding or judicial review of the claim.

(c) Decision by the Committee. The Committee will advise the Participant of the results of the review within 60 days after receipt of the written request for review (or within 120 days if special circumstances require an extension of time for processing the request, and if notice of such extension and circumstances is given to such Participant within the initial 60 day period).

The decision on review shall be in written or electronic form, in a manner calculated to be understood by the Participant. The notice shall set forth:

- (1) the specific reasons for the denial of the appeal of the claim;
- (2) the specific reference to pertinent provisions of the Plan on which the denial is based;
- (3) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Participant's claim for benefits;
- (4) a statement describing any voluntary appeal procedures offered by the Plan (if any) and the Participant's right to obtain the information about such procedures and a statement of the Participant's right to bring an action under Section 502(a) of ERISA.

To the extent of its responsibility to review the denial of benefit claims, the Committee shall have full authority to interpret and apply in its discretion the provisions of the Plan. The Committee may request a meeting to clarify any matters deemed appropriate.

A Participant, beneficiary, or other individual alleging a violation of or seeking any remedy under any provision of ERISA shall also be subject to the claims procedure described in this Section 10.3. Any such claim shall be filed within one year of the time the claim arises or it shall be deemed waived and abandoned. Also, any suit or legal action will be subject to a one-year limitation period, measured from the date a claim arises and tolled during the period that any claim is pending under the claims procedures of this Section 10.3.

10.4 Finality of Committee Determinations. Determinations by the Committee and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan shall be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives.

10.5 Severability. If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

10.6 Governing Law. The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New York, to the extent not preempted by the laws of the United States.

10.7 Gender. Wherein used herein, words in the masculine form shall be deemed to refer to females as well as males.

Section 11. No Employment Rights.

No provisions of the Plan or any action taken by the Company, the Board of Directors, or the Committee shall give any person any right to be retained in the employ of any Employer, and the right and power of the Company to dismiss or discharge any Participant is specifically reserved.

Section 12. Amendment, Suspension, and Termination.

The Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents. The Board of Directors shall have the right to suspend or terminate the Plan at any time. No amendment, suspension or termination shall, without the consent of a Participant, adversely affect the value of such Participant's Account. In the event the Plan is terminated, the Committee shall continue to administer the Plan in accordance with the relevant provisions thereof.

Appendix A — Special Limits on Annual Compensation

Notwithstanding the provisions of Section 4 of the Plan, the following special limits on annual Compensation shall apply:

- For Employees eligible as of December 31, 1995 under the Old Viacom Excess 401(k) Plan and whose Compensation for the 1995 Plan Year exceeded \$750,000, the maximum annual Compensation for the 1996 Plan Year and each subsequent Plan Year eligible for Employer Match shall be the Employee's Compensation under the Old Viacom Excess 401(k) Plan for the 1995 Plan Year.
- For a Participant who is also a full-time employee of CBS Corporation or a member of its controlled group and a participant in the Old Viacom 401(k) Plan and the Old Viacom Excess 401(k) Plan or the Old Viacom Excess 401(k) Plan for Designated Senior Executives on and after January 1, 2006, the maximum annual Compensation for the 2006 Plan Year and each subsequent Plan Year eligible for Employer Match shall be \$375,000.

**VIACOM BONUS DEFERRAL PLAN
FOR DESIGNATED SENIOR EXECUTIVES**

EFFECTIVE JANUARY 1, 2006

Section 1. Establishment and Purpose of the Plan.

1.1 Establishment.

(a) Effective August 28, 2002 Viacom Inc. established and maintained an unfunded plan of voluntarily deferred compensation. This plan was known as the Viacom Bonus Deferral Plan for Designated Senior Executives. The discussion below refers to Viacom Inc. prior to 2006 as "Old Viacom" and to the Viacom Bonus Deferral Plan for Designated Senior Executives prior to 2006 as the "Old Viacom Bonus Deferral Plan for Designated Senior Executives."

(b) On December 31, 2005, Old Viacom was restructured and separated into two publicly traded companies – Old Viacom, which was renamed CBS Corporation, and a new company outside the controlled group of Old Viacom, which was named Viacom Inc. (EIN 20-3515052). New Viacom Inc. consists principally of the following businesses: MTV Networks, BET, Paramount Pictures, Paramount Home Entertainment, and Famous Music. This new plan – the new Viacom Excess 401(k) Plan for Designated Senior Executives – was created, effective January 1, 2006, to benefit the employees of the new Viacom Inc. (the "Company" or "Viacom Inc.") and its participating subsidiaries. Old Viacom approved the spinoff of benefit liabilities associated with (1) participants in the Old Viacom Bonus Deferral Plan for Designated Senior Executives who were employees of Old Viacom and its subsidiaries on December 31, 2005 and became employees of a business which is part of the new Viacom Inc. controlled group on January 1, 2006 and (2) participants in the Old Viacom Bonus Deferral Plan for Designated Senior Executives who terminated employment with Old Viacom and its subsidiaries prior to December 31, 2005 and whose last employment with Old Viacom and its subsidiaries prior to January 1, 2006 was with a business which is part of the new Viacom Inc. controlled group on January 1, 2006 (including last employment with the Paramount Pictures corporate office, but not with the Old Viacom corporate office). The new Viacom Inc. adopted this new Plan, which was first effective on January 1, 2006. The amount of any spun-off liabilities was determined under the terms of the Old Viacom Bonus Deferral Plan for Designated Senior Executives as in effect on December 31, 2005.

1.2 Purpose. The purpose of this Plan is to provide a means by which a Reporting Employee may, in certain circumstances, elect to defer receipt of a portion of his cash bonus paid under the Viacom Inc. Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer. This Plan is intended to comply with Section 409A of the Internal Revenue Code. However, the Plan remains

subject to further modifications once final Section 409A regulations or Internal Revenue Service guidance has been issued.

1.3 Reporting Employees. Participation in this Plan is limited to employees of an Employer who are Reporting Employees. Any Bonus deferrals made under the Viacom Bonus Deferral Plan by a Reporting Employee prior to the date he becomes a Reporting Employee shall be transferred to the Plan as of the date such employee becomes a Reporting Employee. Except as provided to the contrary herein, any elections made under the Viacom Bonus Deferral Plan by a Reporting Employee prior to the date his account is transferred to the Plan shall remain in full force and effect in this Plan.

Section 2. Definitions.

The following words and phrases as used in this Plan have the following meanings:

2.1 Account. The term "Account" shall mean a Participant's individual account, as described in Section 4 of the Plan. For Participants who have a positive Account as of December 31, 2005, their Account shall equal the sum of their Grandfathered Account and their Ongoing Account.

2.2 Board of Directors. The term "Board of Directors" means the Board of Directors of the Company.

2.3 Bonus. The term "Bonus" means any cash bonus paid under the Viacom Inc. Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

2.4 Bonus Deferral Contributions. The term "Bonus Deferral Contributions" means the portion of the Participant's Bonus that he elects to defer under the terms of this Plan.

2.5 Committee. The term "Committee" means the Retirement Committee appointed by the Board of Directors. The Committee may act on its own behalf or through the actions of its duly authorized delegate.

2.6 Company. The term "Company" means Viacom Inc. (EIN 20-3515052).

2.7 Disability. A Participant shall be deemed to have incurred a "Disability" or to be "Disabled" if the Participant was Disabled under the terms of the Old Viacom Bonus Deferral Plan for Designated Senior Executives as of December 31, 2004 or if the Participant:

(a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or

(b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the participant's employer.

(c) Relationship to Termination. The date a Participant meets the definition of Disability shall be treated as the date he terminates employment for purposes of Section 5 of the Plan.

2.8 Eligible Employee. The term "Eligible Employee" means an employee of an Employer who is an eligible employee under the Viacom Excess 401(k) Plan for Designated Senior Executives. If an employee becomes an Eligible Employee in any Plan Year, such employee shall remain an Eligible Employee for all future Plan Years during which the Eligible Employee remains an eligible employee under the Viacom 401(k) Excess Plan for Designated Senior Executives. All Employees who were Eligible Employees under the Old Viacom Bonus Deferral Plan for Designated Senior Executives immediately prior to January 1, 2006 will remain Eligible Employees of this Plan, subject to this Section 2.8.

2.9 Employer. The term "Employer" means the Company and any affiliate or subsidiary that adopts the Plan on behalf of its Eligible Employees.

2.10 Grandfathered Account. "Grandfathered Account" means the portion of a Participant's vested Account balance as of December 31, 2004 under the Old Viacom Bonus Deferral Plan for Designated Senior Executives, adjusted for earnings (or losses) thereon. The Company will keep appropriate records of the Grandfathered Account.

2.11 Grandfathered Account Payment Option. "Grandfathered Account Payment Option" means the payment option that applies to a Participant's Grandfathered Account in this Plan (see Section 4.2) and to his Grandfathered Account in the Viacom Excess 401(k) Plan for Designated Senior Executives. A Participant's Grandfathered Account Payment Option will be his "Joint Payment Option" in effect for the Old Viacom Bonus Deferral Plan for Designated Senior Executives unless and until he changes his Grandfathered Account Payment Option pursuant to Section 4.2(d)(1).

2.12 Investment Options. The term "Investment Options" means the investment funds available to participants in the Viacom 401(k) Plan, excluding the Self-Directed Brokerage Account.

2.13 Old Viacom. "Old Viacom" shall mean Viacom Inc., EIN 04-2949533, and its successors. Effective January 1, 2006, this entity was renamed CBS Corporation.

2.14 Old Viacom Bonus Deferral Plan for Designated Senior Executives. "Old Viacom Bonus Deferral Plan for Designated Senior Executives" shall mean the Viacom

Bonus Deferral Plan for Designated Senior Executives, as sponsored by Old Viacom. Effective January 1, 2006, this plan was renamed the CBS Bonus Deferral Plan for Designated Senior Executives.

2.15 Ongoing Account. "Ongoing Account" means the portion of a Participant's Account other than his Grandfathered Account.

2.16 Ongoing Account Payment Option. "Ongoing Account Payment Option" means the payment option that applies to a Participant's Ongoing Account in this Plan (see Section 4.2) and to his Ongoing Account in the Viacom Excess 401(k) Plan for Designated Senior Executives. A Participant's Ongoing Account Payment Option in effect for the Old Viacom Bonus Deferral Plan for Designated Senior Executives, if any, shall continue in effect under this Plan and shall be irrevocable.

2.17 Participant. The term "Participant" means an Eligible Employee who elects to have Bonus Deferral Contributions made to the Plan.

2.18 Plan. The term "Plan" means the Viacom Bonus Deferral Plan for Designated Senior Executives as set forth herein, as amended from time to time.

2.19 Reporting Employee. "Reporting Employee" means an Eligible Employee who is identified by the Company as a reporting person for purposes of Section 16 of the Securities and Exchange Act of 1934 or any employee of an Employer who is eligible to participate in the Plan and whose securities may be attributable to a Reporting Employee for purposes of Section 16 of the Securities and Exchange Act of 1934.

2.20 Viacom 401(k) Plan. "Viacom 401(k) Plan" means, effective January 1, 2006, the Viacom 401(k) Plan sponsored by the Company.

Section 3. Participation.

3.1 Election to Participate.

(a) An Eligible Employee must elect to participate in the Plan.

(b) For the Plan Year in which an employee first becomes an Eligible Employee, such Eligible Employee must elect to make a Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the next succeeding calendar year within 30 days of the date he first becomes an Eligible Employee in order for the election to be valid. Prior to December 31 of each Plan Year, an Eligible Employee may elect to make a Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the second succeeding calendar year. For example, prior to December 31, 2006, an Eligible Employee may make a Bonus Deferral Contribution election with respect to any cash bonus to be earned in 2007 that is scheduled to be paid in 2008 under the Viacom Inc. Short-Term Incentive Plan. An Eligible Employee may make an Excess Bonus

Deferral Contribution election whether or not such employee previously has made, or currently has in effect, any Excess Salary Reduction Contribution election.

3.2 Amount of Elections.

Each election filed by an Eligible Employee must specify the amount of Bonus Deferral Contributions in a whole percentage between 1% and 15% of the Participants' applicable Bonus.

Section 4. Individual Account.

4.1 Creation of Accounts. The Company will maintain an Ongoing Account in the name of each Participant. Each Participant's Ongoing Account will be credited with the amount of the Participant's Bonus Deferral Contributions, made in all Plan Years. The Company will also maintain a Grandfathered Account for Participants who have a vested Account Balance as of December 31, 2004 under the Old Viacom Bonus Deferral Plan for Designated Senior Executives.

4.2 Election of Payment Option.

(a) Any Grandfathered Account Payment Option shall continue to apply until changed by the Participant in accordance with this Section 4.

(b) Any Eligible Employee who does not have an Ongoing Account Payment Option in effect shall elect an Ongoing Account Payment Option at the same time that the Participant files his initial election to commence participation in the Plan pursuant to this Section 4.

(c) (1) A Participant may elect to receive his Ongoing Account under either of the following Payment Options: (i) a single lump sum; or (ii) annual payments over a period of two, three, four or five years beginning, in either case, the later of (I) on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, or (II) as soon as practicable following the first of the month following or coincident with the six-month anniversary of the Employee's separation from service, within the meaning of Code Section 409A. If no Ongoing Account Payment Option election is made in accordance with the terms of the Plan or under the Viacom Excess 401(k) Plan for Designated Senior Executives, a Participant shall be deemed to have elected to receive his Ongoing Account in a single lump sum to be paid the later of (i) on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment or (ii) as soon as practicable following the first of the month following or coincident with the six-month anniversary of the Employee's separation from service, within the meaning of Code Section 409A, unless the Participant elects to be paid on or about January 31 of the 2nd, 3rd, 4th or 5th calendar year following the year in which the Participant terminates employment. If a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates, at the time of making his Ongoing Account Payment Option election, a specific percentage of his Ongoing

Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

(2) A Participant may elect to receive his Grandfathered Account under either of the following Payment Options: (i) a single lump sum; or (ii) annual payments over a period of two, three, four or five years beginning on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If no Grandfathered Account Payment Option election is made in accordance with the terms of the Plan or under the Viacom Excess 401(k) Plan for Designated Senior Executives, a Participant shall be deemed to have elected to receive his Grandfathered Account in a single lump sum on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If a Participant makes a Grandfathered Account Payment Option election to receive payments in a single lump sum, such lump sum shall be payable on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, unless the Participant elects to be paid on or about January 31 of the 2nd, 3rd, 4th or 5th calendar year following the year in which the Participant terminates employment. If a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates, at the time of making his Grandfathered Account Payment Option election, a specific percentage of his Grandfathered Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

Example 1: If a Participant (i) elects (or is deemed to elect) a Grandfathered Account or Ongoing Account Payment Option that provides for a lump sum payment in the year following the Plan Year in which he terminates employment and (ii) terminates employment in February 2006, such lump sum shall be paid on or about January 31, 2007. A Participant alternatively could designate January 31 of 2008, 2009, 2010 or 2011 in which to receive his lump sum.

Example 2: If a Participant (i) elects a Grandfathered Account or Ongoing Account Payment Option that provides for annual payments over a period of four years and (ii) terminates employment in February 2006, the first installment from his Grandfathered Account and his Ongoing Account will be paid on or about January 31, 2007 and the subsequent payments will be made on or about January 31 of 2008 through 2010. Each payment on or about January 31 of 2007 through 2010 will be comprised of approximately 25% of the Participant's Grandfathered or Ongoing Account as of December 31 of the calendar year in which the Participant terminates employment. A Participant alternatively could designate 10% of his Grandfathered or Ongoing Account to be distributed in January 2007, 20% in January 2008, 30% in January 2009 and 40% in January 2010; or, any other combination of percentages that totals 100%.

Example 3: If a Participant (i) elects (or is deemed to elect) a Grandfathered Account or Ongoing Account Payment Option that provides for a lump sum payment in the year following the Plan Year in which the Participant terminates employment and (ii) terminates employment in October 2006, his Grandfathered Account lump sum shall be paid on or about January 31, 2007 and his Ongoing Account lump sum shall be paid in May 2007 (as soon as administratively practicable following 6 months after his termination of employment).

Example 4: If a Participant (i) elects a Grandfathered Account or Ongoing Account Payment Option that provides for annual payments over a period of four years and (ii) terminates employment in August 2006, the first installment from his Grandfathered Account will be paid on or about January 31, 2007 and the subsequent payments will be made on or about January 31 of 2008 through 2010. Each payment on or about January 31 of 2007 through 2010 will be comprised of approximately 25% of the Participant's Grandfathered Account as of December 31 of the calendar year in which the Participant terminates employment. The first installment from his Ongoing Account will be paid in March 2007 (as soon as administratively practicable following 6 months after his termination of employment) and each subsequent payment made in January of 2008 through 2010 will be comprised of approximately 25% of the Participant's Ongoing Account as of the Participant's date of termination.

(d) Changes.

(1) Grandfathered Account. With respect to a Grandfathered Account, a Participant may change his Grandfathered Account Payment Option no more than three times over the course of his employment with the Company or any affiliate. A Participant may change an existing Grandfathered Account Payment Option only one time in any calendar year. Any change of a Participant's existing Grandfathered Account Payment Option election made less than six months prior to the Participant's termination of employment for any reason shall be null and void and the Participant's last valid Grandfathered Account Payment Option shall remain in effect.

(2) Excess 401(k) Plan for Designated Senior Executives Changes. Any change of Grandfathered Account Payment Option election made by a Participant under the Viacom Excess 401(k) Plan for Designated Senior Executives shall apply to the Participant's Account in this Plan.

4.3 Investments.

(a) All Bonus Deferral Contributions will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions been invested in the same Investment Options and in the same proportion as the Participant may elect, from time to time, to have his Salary Reduction Contributions and Matching Employer Contributions invested under the Viacom 401(k) Plan; or if no such election has been made, in the Plan's stable value fund as designated by the Committee.

(b) If a Participant elects (or is deemed to elect) a single lump sum Grandfathered Account or Ongoing Account Payment Option payable in the first calendar year following the calendar year in which the Participant terminates employment and such payment is made on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, no additional adjustments will be made to the Participant's Grandfathered Account or Ongoing Account after December 31st of the calendar year in which the Participant terminates employment. If, however, payment of the Participant's Ongoing Account cannot be made until at least the six-month anniversary of the Employee's separation from service within the meaning of Code Section 409A, the Participant's Ongoing Account shall be credited with earnings based on the rate of return in the Plan's stable value fund as designated by the Committee beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through the end of the month of such six-month anniversary. If a Participant elects a single lump sum Grandfathered Account or Ongoing Account Payment Option payable in the second, third, fourth or fifth calendar year following the calendar year in which the Participant terminates employment, the Participant's Grandfathered Account or Ongoing Account shall be credited with earnings based on the rate of return in the Plan's stable value fund as designated by the Committee beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which the single lump sum is paid.

(c) If a Participant elects annual payments, no additional adjustments will be made to any amount payable in the first calendar year following the year in which the Participant terminates employment. If, however, payment of the first installment of a Participant's Ongoing Account cannot be made until at least the six-month anniversary of the Employee's separation from service within the meaning of Code Section 409A, the Participant's Ongoing Account shall be credited with earnings based on the rate of return in the Plan's stable value fund as designated by the Committee beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through the end of the month of such six-month anniversary. For any annual payments made in the second, third, fourth or fifth year following the calendar year in which the Participant terminates employment, the Participant's Grandfathered or Ongoing Account shall be credited with earnings based on the rate of return in the Plan's stable value fund as designated by the Committee beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which each payment is made.

(d) No provision of this Plan shall require the Company or the Employer to actually invest any amounts in any fund or in any other investment vehicle.

4.4 Account Statements. Each Participant will be given, at least annually, a statement showing (a) the amount of all Contributions, (b) the amount of Employer Match, if any, made with respect to his Account for such Plan Year, and (c) the balance of the Participant's Account after crediting Investments.

Section 5. Payment.

5.1 Payment on Account of Termination of Employment For Reasons Other Than Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Grandfathered Account or Ongoing Account following termination of employment in accordance with the Grandfathered Account or Ongoing Account Payment Option in effect with respect to the Participant.

5.2 Payment on Account of Disability. A Participant (or a Participant's beneficiary) shall be paid the balance in his Grandfathered Account or Ongoing Account following the date he meets the definition of Disability in accordance with the Grandfathered Account or Ongoing Account Payment Option in effect with respect to the Participant. If a Participant no longer meets the definition of Disability and returns to work with an Employer, no further payments shall be made on account of the prior Disability, and distribution of his remaining Grandfathered Account or Ongoing Account shall be made as otherwise provided in this Section 5 at the time of his subsequent termination of employment.

Section 6. Nature of Interest of Participant.

Participation in this Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of the Company or any Employer, and all amounts of Compensation deferred here under shall at all times remain an unrestricted asset of the Company or the Employer. A Participant's rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, or encumbrance. All payments hereunder shall be paid in cash from the general funds of the Company or applicable Employer and no special or separate fund shall be established and no other segregation of assets shall be made to assure the payment of benefits hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between any Employer and a Participant or any other person, and the Company's and each Employer's promise to pay benefits hereunder shall at all times remain unfunded as to the Participant.

Section 7. Hardship Distributions.

7.1 Hardship Definition. A Participant may request the Committee to accelerate distribution of all or any part of the value of his Account solely for the purpose of alleviating an immediate financial emergency. For purposes of this Section 7.1, such an immediate financial emergency shall mean a severe financial hardship to the

Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. This requirement is met only if the amounts distributed with respect to an emergency do not exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship), including loans and withdrawals from the Viacom 401(k) Plan.

(b) Committee Discretion. The Committee may request that the Participant provide certifications and other evidence of qualification for such emergency hardship distribution as it determines appropriate. The decision of the Committee with respect to the grant or denial of all or any part of such request shall be in the sole discretion of the Committee, whether or not the Participant demonstrates that an immediate financial emergency exists, and shall be final and binding and not subject to review.

Section 8. Beneficiary Designation.

A Participant's beneficiary designation for this Plan will automatically be the same as the Participant's beneficiary designation recognized under the Viacom Excess 401(k) Plan for Designated Senior Executives, unless a separate Designation of Beneficiary Form for this Plan has been properly filed.

Section 9. Administration.

9.1 Committee. This Plan will be administered by the Committee, the members of which will be selected by the Board of Directors.

9.2 Powers of the Committee. The Committee's powers will include, but will not be limited to, the power:

(a) to determine who are Eligible Employees for purposes of participation in the Plan;

(b) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision;

(c) to adopt rules consistent with the Plan; and

(d) to approve certain amendments to the Plan.

9.3 Claims Procedure. The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder.

(a) Claim for Benefit. Claims as to the amount of any distribution or method of payment under the Plan must be submitted in writing to the Committee. The Committee shall notify the Participant of its decision by written or electronic notice, in a manner calculated to be understood by the Participant. The notice shall set forth:

- (1) the specific reasons for the denial of the claim;
- (2) a reference to specific provisions of the Plan on which the denial is based;
- (3) a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary; and
- (4) an explanation of the Plan's claims review procedure for the denied or partially denied claim and any applicable time limits, and a statement that the Participant has a right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") following an adverse benefit determination on review.

Such notification shall be given within 90 days after the claim is received by the Committee (or within 180 days, if special circumstances require an extension of time for processing the claim, and provided written notice of such extension and circumstances and the date a decision is expected is given the Participant within the initial 90-day period). The time period begins when the claim is filed, regardless of whether the Plan has all of the information necessary to decide the claim at the time of filing. A claim is considered approved only if its approval is communicated in writing to the Participant.

(b) Review or Denial of Claim. Upon denial of a claim in whole or in part, a Participant shall have the right to submit a written request to the Committee for a full and fair review of the denied claim. A request for review of a claim must be submitted within 60 days of receipt by the Participant of written notice of the denial of the claim. If the Participant fails to file a request for review within 60 days of the denial notification, the claim will be deemed abandoned and the Participant precluded from reasserting it. Also, if the Participant is not provided a notice of denial, the Participant may submit a written request for review to the Committee.

The Participant shall have, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Participant's claim for benefits. The Participant may submit written comments, documents, records, and other information relating to the claim for benefits. The review shall take into account all comments, documents, records, and other information submitted by the

Participant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. Failure to raise issues or present evidence on review will preclude those issues or evidence from being presented in any subsequent proceeding or judicial review of the claim.

(c) Decision by the Committee. The Committee will advise the Participant of the results of the review within 60 days after receipt of the written request for review (or within 120 days if special circumstances require an extension of time for processing the request, and if notice of such extension and circumstances is given to such Participant within the initial 60 day period).

The decision on review shall be in written or electronic form, in a manner calculated to be understood by the Participant. The notice shall set forth:

- (1) the specific reasons for the denial of the appeal of the claim;
- (2) the specific reference to pertinent provisions of the Plan on which the denial is based;
- (3) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Participant's claim for benefits;
- (4) a statement describing any voluntary appeal procedures offered by the Plan (if any) and the Participant's right to obtain the information about such procedures and a statement of the Participant's right to bring an action under Section 502(a) of ERISA.

To the extent of its responsibility to review the denial of benefit claims, the Committee shall have full authority to interpret and apply in its discretion the provisions of the Plan. The Committee may request a meeting to clarify any matters deemed appropriate.

A Participant, beneficiary, or other individual alleging a violation of or seeking any remedy under any provision of ERISA shall also be subject to the claims procedure described in this Section 9.3. Any such claim shall be filed within one year of the time the claim arises or it shall be deemed waived and abandoned. Also, any suit or legal action will be subject to a one-year limitation period, measured from the date a claim arises and tolled during the period that any claim is pending under the claims procedures of this Section 9.3.

9.4 Finality of Committee Determinations. Determinations by the Committee and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan shall be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives.

9.5 Severability. If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

9.6 Governing Law. The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New York, to the extent not preempted by the laws of the United States.

9.7 Gender. Wherein used herein, words in the masculine form shall be deemed to refer to females as well as males.

Section 10. No Employment Rights.

No provisions of the Plan or any action taken by the Company, the Board of Directors, or the Committee shall give any person any right to be retained in the employ of any Employer, and the right and power of the Company to dismiss or discharge any Participant is specifically reserved.

Section 11. Amendment, Suspension, and Termination.

The Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents. The Board of Directors shall have the right to suspend or terminate the Plan at any time. No amendment, suspension or termination shall, without the consent of a Participant, adversely affect the value of such Participant's Account. In the event the Plan is terminated, the Committee shall continue to administer the Plan in accordance with the relevant provisions thereof.

Subsidiaries of Viacom Inc.

Domestic

Subsidiary Name	Place of Incorporation Or Organization
\$600/Hour Productions LLC	Delaware
37th Floor Productions Inc.	Delaware
38th Floor Productions Inc.	Delaware
5555 Communications Inc.	Delaware
Aardvark Productions, Inc.	Delaware
Adoy LLC	Delaware
After School Productions Inc.	Delaware
All About Productions LLC	Delaware
Animated Productions Inc.	Delaware
Antics G.P. Inc.	Delaware
Artcraft Productions Inc.	Delaware
Bardwire Inc.	Delaware
Benjamin Button Productions LLC	Louisiana
BET Acquisition Corp.	Delaware
BET Animations, LLC	Delaware
BET Arabesque, LLC	Delaware
BET Comic View II, LLC	Delaware
BET Creations, Inc.	Delaware
BET Development Company	Delaware
BET Documentaries, LLC	Delaware
BET Event Productions LLC	Delaware
BET Grilled, LLC	Delaware
BET Holdings LLC	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 Prime and Mike, LLC	Delaware
BET Productions II, Inc.	Delaware
BET Productions III, LLC	Delaware
BET Productions IV, LLC	Delaware
BET Publications, LLC	Delaware
BET Radio LLC	Delaware
BET Satellite Services, Inc.	Delaware
BET Services, Inc.	Delaware
BET Sheryl & Friends LLC	Delaware

Subsidiary Name	Place of Incorporation Or Organization
BET Television Productions, LLC	Delaware
BET The Way We Do It, LLC	Delaware
Beta Theatres Inc.	Delaware
Big Shows Inc.	Delaware
Black Entertainment Television LLC	District of Columbia
Blackout Productions Inc.	Delaware
Bling Productions Inc.	Delaware
BN Productions Inc.	Delaware
Box Italy, LLC, The	Delaware
Box Worldwide LLC, The	Delaware
Caballero Acquisition Inc.	Delaware
California Holdings LLC	Delaware
CBS Cable Networks, Inc.	Delaware
Central Productions, LLC	Delaware
Cinamerica Service Corp.	Delaware
Cloverleaf Productions Inc.	Delaware
CMT Productions Inc.	Delaware
Cocktails @ 4 Productions LLC	Delaware
Columbus Circle Films LLC	Delaware
Comedy Partners	New York
Country Entertainment, Inc.	Delaware
Country Music Television, Inc.	Tennessee
Country Network Enterprises, Inc.	Delaware
country.com, Inc.	Delaware
Cradle of Life Productions LLC	Delaware
Creative Mix Inc.	Delaware
Danielle Productions LLC	Delaware
Delaware Blue Steel Inc.	Delaware
Desilu Music Corp.	New York
DIGICO Inc.	Delaware
Direct Court Productions, Inc.	Delaware
DTE Films LLC	Delaware
Emily Productions LLC	Delaware
Ensign Music LLC	Delaware
Extreme Group Holdings Inc.	Delaware
Failure to Launch Productions LLC	Louisiana
Famous Music LLC	Delaware
Famous Orange Productions Inc.	Delaware
Festival Inc.	Delaware
Filmcraft Productions Inc.	Delaware
Future General Corporation	Delaware
Games Animation Inc.	Delaware
Games Productions Inc.	Delaware
GameTrailers Corp.	Delaware
GC Productions Inc.	Delaware
Grace Productions LLC	Delaware
Gramps Company Inc., The	Delaware
Hey Yeah Productions Inc.	Delaware

Subsidiary Name	Place of Incorporation Or Organization
House of Yes Productions Inc.	Delaware
IFILM Corp.	Delaware
Imagine Radio, Inc.	California
International Overseas Film Services, Inc.	Delaware
International Overseas Productions, Inc.	California
Joseph Productions Inc.	Delaware
Ladies Man Productions USA Inc.	Delaware
Last Holiday Productions LLC	Louisiana
Long Road Productions	Illinois
MAD Production Trucking Company	Delaware
Magical Motion Pictures Inc.	Delaware
Magicam, Inc.	Delaware
Marathon Holdings Inc.	Delaware
Melange Pictures LLC	Delaware
Michaela Productions Inc.	Delaware
Mischief New Media Inc.	New York
MoonMan Productions Inc.	Delaware
MTV Animation Inc.	Delaware
MTV Asia Development Company Inc.	Delaware
MTV Australia Inc.	Delaware
MTV DMS Inc.	Delaware
MTV India Development Company Inc.	Delaware
MTV Networks Argentina LLC	Delaware
MTV Networks Company	Delaware
MTV Networks Enterprises Inc.	Delaware
MTV Networks Europe Inc.	Delaware
MTV Networks Global Services Inc.	Delaware
MTV Networks Latin America Inc.	Delaware
MTV Networks On Campus Inc.	Delaware
MTV Networks Shopping Inc.	Delaware
MTV Networks South Africa Inc.	Delaware
MTV Russia Holdings Inc.	Delaware
MTV Songs Inc.	Delaware
MTVBVI Inc.	Delaware
MTVi Group, Inc., The	Delaware
MTVi Group, L.P., The	Delaware
MTVN Direct Inc.	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
NeoPets Foundation	California
NeoPets, Inc.	Delaware
Netherlands Overseas Inc.	Delaware

Subsidiary Name	Place of Incorporation Or Organization
Network Enterprises, Inc.	Delaware
Neutronium Inc.	Delaware
Newdon Productions	Delaware
Nick at Nite's TV Land Retromercials Inc..	Delaware
Nickelodeon Animation Studios Inc.	Delaware
Nickelodeon Australia Inc.	Delaware
Nickelodeon Brasil Inc.	Delaware
Nickelodeon Direct Inc.	Delaware
Nickelodeon Global Network Ventures Inc.	Delaware
Nickelodeon Magazines Inc.	Delaware
Nickelodeon Movies Inc.	Delaware
Nickelodeon Notes Inc.	Delaware
Nickelodeon Online Inc.	Delaware
Night Falls Productions Inc.	Delaware
Noggin LLC	Delaware
NP Domains, Inc.	Delaware
NV International, Inc.	Georgia
O&W Corporation	Tennessee
One and Only Joint Venture, The	New York
On-Site Productions Inc.	Delaware
Open Door Productions Inc.	Delaware
Outdoor Entertainment, Inc.	Tennessee
Paramount Canadian Productions, Inc.	Delaware
Paramount Digital Entertainment Inc.	Delaware
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.	Delaware
Paramount Films of Lebanon, Inc.	Delaware
Paramount Films of Pakistan, Ltd.	Delaware
Paramount Films of Southeast Asia Inc.	Delaware
Paramount Home Entertainment Inc.	Delaware
Paramount Images Inc.	Delaware
Paramount LAPT TV Inc.	Delaware
Paramount Music Corporation	Delaware
Paramount Overseas Productions, Inc.	Delaware
Paramount Pictures Corporation	Delaware
Paramount Pictures Louisiana Production Investments II LLC	Louisiana
Paramount Pictures Louisiana Production Investments LLC	Louisiana
Paramount Production Support Inc.	Delaware
Paramount Productions Service Corporation	Delaware
Paramount Worldwide Productions Inc.	Delaware
Para-Sac Music LLC	Delaware
Park Court Productions, Inc.	Delaware
Peanut Worm Productions Inc.	Delaware
Peppercorn Productions, Inc.	Tennessee
Pet II Productions Inc.	Delaware

Subsidiary Name	Place of Incorporation Or Organization
Pop Channel Productions Inc.	Delaware
Pop Culture Productions Inc.	Delaware
Pop Toons Inc.	Delaware
Premiere House, Inc.	Delaware
Prime Directive Productions Inc.	Delaware
PT Productions Inc.	Delaware
NM Classics Inc.	Delaware
Remote Productions Inc.	Delaware
Rooftop Publishing Inc.	California
Sammarnick Insurance Corporation	New York
Scarab Publishing Corporation	Delaware
SFI Song Company	Florida
SonicNet LLC	Delaware
Spelling Films Inc.	Delaware
Spelling Films Music Inc.	Delaware
Spelling Pictures Inc.	Delaware
State of Mind Inc.	Delaware
Staying Alive Foundation Inc., The	New York
Stepdude Productions LLC	Louisiana
Superstar Productions USA Inc.	Delaware
Talent Court Productions, Inc.	Delaware
TC Productions Inc.	Delaware
Thinner Productions, Inc.	Delaware
TNN Classic Sessions, Inc.	Delaware
TNN Productions, Inc.	Delaware
Tunes By Nickelodeon Inc.	Delaware
TV Land Canada Holding Inc.	Delaware
UGJ Productions Inc.	Delaware
Untitled Productions II LLC	Delaware
Uptown Productions Inc.	Delaware
VH-1 Save the Music Foundation	New York
Viacom Animation of Korea Inc.	Delaware
Viacom Asia Inc.	Delaware
Viacom Camden Lock Inc.	Delaware
Viacom Consumer Products Inc.	Delaware
Viacom Global Services Inc.	Delaware
Viacom Hearty Ha!Ha! LLC	Delaware
Viacom Holdings Germany LLC	Delaware
Viacom International Inc.	Delaware
Viacom International Inc. Political Action Committee Corporation	New York
Viacom International Services Inc.	Delaware
Viacom Netherlands Management LLC	Delaware
Viacom Networks Europe Inc.	Delaware
Viacom Notes Inc.	Delaware
Viacom Realty Corporation	Delaware
Viacom Receivables Funding I Corporation	Delaware
Viacom Songs Inc.	Delaware
Viacom Subsidiary Management Corp.	Delaware

Subsidiary Name**Place of Incorporation
Or Organization**

Viacom Telecommunications (D.C.) Inc.	Delaware
Viacom Tunes Inc.	Delaware
Wilshire Court Productions LLC	Delaware
World Skating League, LLC	Tennessee
World Sports Enterprises	Tennessee
Worldwide Productions, Inc.	Delaware
Wuthering Heights, CA Productions Inc.	Delaware

Foreign

Subsidiary Name	Place of Incorporation Or Organization
1677873 Ontario Inc.	Canada (Ontario)
1677875 Ontario Inc.	Canada (Ontario)
24th Floor Inc.	Canada (Ontario)
2gether Productions Inc.	Canada (B.C.)
3085284 Nova Scotia Limited	Canada (Nova Scotia)
ATR Films Inc.	Canada (Ontario)
Bad Boys Production Music BV	Netherlands
Belhaven Limited	Bahamas
Biscondi Sdn Bld	Malaysia
Blind Eye Productions Inc	Canada (B.C.)
Brainpool TV GmbH	Germany
Bronson Gate Film Management GmbH	Germany
Cape Cross Studio/Filmlicht GmbH	Germany
Capital Equipment Leasing Limited	UK
Cent Productions Inc.	Canada (Ontario)
CIC Home Video GmbH	Switzerland
CIC Video (Pty) Ltd	South Africa
Cinematic Arts BV	Netherlands
CVV (Japan) BV	Netherlands
Director's Cuts Production Music Limited	UK
DTV Productions Inc.	Canada (Ontario)
e-tv Internet Produktions-und Vermarktungs GmbH	Germany
Extreme Australia Pty Limited	Australia
Extreme Music Limited	UK
Extreme Music RMF Limited	UK
Extreme Musik GmbH	Germany
Famous Music Publishing France SARL	France
Famous Music Publishing Germany GmbH & Co KG	Germany
Famous Music Publishing Limited	UK
Famous Players International BV	Netherlands
Films Paramount S.A.	France
Four Brothers Films Inc.	Canada (Ontario)
Futa BV	Netherlands
Game One SAS	France
Global Film Distributors BV	Netherlands
Greenland Place Music Limited	UK
Haverstraw Insurance Corporation	Bermuda
High Command Productions Limited	UK
HTL Productions Inc.	Canada (Ontario)
Invision Holdings BV	Netherlands
Kindernet CV	Netherlands
Köln Comedy Festival GmbH	Germany
Lisarb Holding BV	Netherlands
Maximum Attitude Musique S.A.R.L.	France
Mea Culpa Mediaverwertungs GmbH	Germany
Mea Culpa TV Produktions GmbH	Germany
MG Films Inc.	Canada (Ontario)

MTV Asia LDC	Cayman Islands
MTV Asia Ownership One LDC	Cayman Islands
MTV Asia Ownership Two LDC	Cayman Islands
MTV Asia Ventures (India) Pte. Limited	Mauritius
MTV Asia Ventures Co.	Cayman Islands
MTV Channel Espana SL	Spain
MTV Extra SAS	France
MTV Hong Kong Limited	Hong Kong
MTV India LDC	Cayman Islands
MTV Networks AB	Sweden
MTV Networks Africa (Proprietary) Limited	South Africa
MTV Networks Argentina Srl	Argentina
MTV Networks Australia Pty Ltd	Australia
MTV Networks Belgium BVBA	Belgium
MTV Networks BV	Netherlands
MTV Networks de Mexico S. de R.L. de C.V.	Mexico
MTV Networks GmbH & Co OHG	Germany
MTV Networks India Private Limited	India
MTV Networks Japan BV	Netherlands
MTV Networks Ltda (Portugal)	Portugal
MTV Networks Polska Sp.zo.o	Poland
MTV Networks Productions BV	Netherlands
MTV Networks SARL	France
MTV Networks Verwaltung GmbH	Germany
MTV Radio Productions Limited	UK
MTV SA LDC	Cayman Islands
MTV Taiwan LDC	Cayman Islands
NeoPets Asia Pte. Ltd.	Singapore
Nickelodeon (Deutschland) GmbH & Co KG	Germany
Nickelodeon (Deutschland) Verwaltung GmbH	Germany
Nickelodeon Asia Holdings Pte Ltd	Singapore
Nickelodeon France SAS	France
Nickelodeon Huggings U.K. Limited	UK
Nickelodeon India Pvt Ltd	India
Nickelodeon International Limited.	UK
Nickelodeon Management Pte Ltd	Singapore
Nickelodeon Mauritius Ltd	Mauritius
NV Broadcasting (Canada) Inc.	Canada (Federal)
On Music Network Co Ltd	Korea
Paramount British Pictures Limited	UK
Paramount Comedy Channel Espana SL	Spain
Paramount Home Entertainment (Australasia) Pty. Ltd.	Australia
Paramount Home Entertainment (Brazil) Limitada	Brazil
Paramount Home Entertainment (Denmark) I/S	Denmark
Paramount Home Entertainment (Finland) Oy	Finland
Paramount Home Entertainment (France) S.A.S.	France
Paramount Home Entertainment (Germany) GmbH	Germany
Paramount Home Entertainment (Italy) SRL	Italy
Paramount Home Entertainment (Japan) Ltd	Japan
Paramount Home Entertainment (Korea) Ltd	Korea

Paramount Home Entertainment (Mexico) S de RL de CV	Mexico
Paramount Home Entertainment (Mexico) Services S de RL de CV	Mexico
Paramount Home Entertainment (New Zealand) Ltd.	New Zealand
Paramount Home Entertainment (Norway) ANS	Norway
Paramount Home Entertainment (Spain) S.L.	Spain
Paramount Home Entertainment (Sweden) AB	Sweden
Paramount Home Entertainment (UK)	UK
Paramount Home Entertainment BV	Netherlands
Paramount Home Entertainment International (Holdings) BV	Netherlands
Paramount Home Entertainment International BV	Netherlands
Paramount Home Entertainment International Limited	UK
Paramount International (Netherlands) BV	Netherlands
Paramount Pay TV Limited	UK
Paramount Pictures Corporation (Canada) Inc.	Canada (Ontario)
Paramount Pictures Entertainment Canada Inc.	Canada (Ontario)
Paramount Pictures Productions Australia Pty Limited	Australia
Paramount UK Partnership (Paramount Comedy Channel UK)	UK
Perfect Score Films Inc.	Canada (B.C.)
PF Films Inc.	Canada (Ontario)
PPC Film Management GmbH	Germany
Preview Investments BV	Netherlands
Regional Asia Investments Ventures Pte Ltd	Mauritius
RR Films Inc.	Canada (Alberta)
S Media Vision AG	Switzerland
Servicios Para Empresas de Entretenimiento S de RL de CV	Mexico
Smoker Films Inc	Canada (Ontario)
Space TV GmbH	Germany
The Box BV	Netherlands
The Extreme Music Library (Ireland) Limited	Ireland
The Extreme Music Library Limited	UK
The Music Source Inc.	Philippines
Timeline Films Inc.	Canada (Ontario)
TV on tour Veranstaltungen GmbH	Germany
Viacom (Deutschland) Beteiligungen GmbH	Germany
Viacom Brand Solutions Limited	UK
Viacom Global (Netherlands) BV	Netherlands
Viacom Global Limited	UK
Viacom Holdings Brasil Ltda	Brazil
Viacom Limited	New Zealand
Viacom Networks Brasil Ltda	Brazil
Viacom Networks Italia Limited	UK
Viacom Overseas Holdings CV	Netherlands Antilles
Viacom VHENO GmbH	Germany
Visionair Television BV	Netherlands
VIVA Connect GmbH	Germany
VIVA Fernsehen GmbH	Germany
VIVA Media Enterprises GmbH	Germany
VIVA Media GmbH	Germany
VIVA Production SRL	Italy

VIVA Radio Beteiligungs GmbH	Germany
VIVA TV Productions Sp.o.o.	Poland
Wayfarer Media Ltd (MTV Russia)	Cyprus
Westka Interactive GmbH i.L	Germany
Widows Broom Films Inc.	Canada (Ontario)
Worldwide MSP Limited	UK
Z+ Broadcasting Company Ltd	Hungary
Zarina 99 Vermögensverwaltungsgesellschaft GmbH	Germany

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (No. 333-131040, No. 333-130905 and No. 333-130881) of Viacom Inc. of our report dated March 16, 2006 relating to the consolidated financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York
March 16, 2006

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (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 said attorney-in-fact and agent, or his substitute or substitutes, shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March 2006.

/s/ **GEORGE S. ABRAMS**

George S. Abrams

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (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 said attorney-in-fact and agent, or his substitute or substitutes, shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March 2006.

/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 16th day of March 2006.

/s/ THOMAS E. DOOLEY

Thomas E. Dooley

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March 2006.

/s/ ELLEN V. FUTTER

Ellen V. Futter

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March 2006.

/s/ ALAN C. GREENBERG

Alan C. Greenberg

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March 2006.

/s/ ROBERT K. KRAFT

Robert K. Kraft

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March 2006.

/s/ CHARLES E. PHILLIPS, JR.

Charles E. Phillips, Jr.

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March 2006.

/s/ SHARI REDSTONE

Shari Redstone

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March 2006.

/s/ SUMNER M. REDSTONE

Sumner M. Redstone

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March 2006.

/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 16th day of March 2006.

/s/ WILLIAM SCHWARTZ

William Schwartz

CERTIFICATION

I, Thomas E. Freston, certify that:

1. I have reviewed this annual report on Form 10-K of Viacom Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - (c) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2006

/s/ **THOMAS E. FRESTON**

Thomas E. Freston
President and Chief Executive Officer

QuickLinks

[Exhibit 31.1](#)

CERTIFICATION

I, Michael J. Dolan, certify that:

1. I have reviewed this annual report on Form 10-K of Viacom Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - (c) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2006

/s/ **MICHAEL J. DOLAN**

Michael J. Dolan
Executive Vice President and
Chief Financial Officer

QuickLinks

[Exhibit 31.2](#)

**Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Viacom Inc. (the "Company") on Form 10-K for the fiscal year ending December 31, 2005 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas E. Freston, President and Chief Executive Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ **THOMAS E. FRESTON**

Thomas E. Freston
March 16, 2006

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 32.1](#)

**Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Viacom Inc. (the "Company") on Form 10-K for the fiscal year ending December 31, 2005 as filed with the Securities and Exchange Commission (the "Report"), I, Michael J. Dolan, Executive Vice President and Chief Financial Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ **MICHAEL J. DOLAN**

Michael J. Dolan
March 16, 2006

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 32.2](#)