

VIACOM INC
Form S-4/A
November 23, 2005

As filed with the Securities and Exchange Commission on November 23, 2005

Registration No. 333-128821

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

NEW VIACOM CORP.

(Exact name of Registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

4841

(Primary Standard Industrial Classification Code Number)

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)

VIACOM INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

4841

(Primary Standard Industrial Classification Code Number)

04-2949533

(I.R.S. Employer Identification Number)

1515 Broadway

New York, NY 10036

(212) 258-6000

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

Michael D. Fricklas

Executive Vice President, General Counsel and Secretary

Viacom Inc.

1515 Broadway

New York, NY 10036

(212) 258-6000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Stephen T. Giove

Creighton O'M. Condon

Christa A. D'Alimonte

Shearman & Sterling LLP

599 Lexington Avenue

New York, NY 10022

(212) 848-4000

Approximate date of commencement of proposed sale to the public: As promptly as practicable after the filing of this Registration Statement and other conditions to the commencement of the offer described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

Edgar Filing: VIACOM INC - Form S-4/A

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Edgar Filing: VIACOM INC - Form S-4/A

The information in this preliminary Prospectus-Information Statement is not complete and may be changed. We may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This preliminary Prospectus-Information Statement is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated November 23, 2005

Preliminary Prospectus-Information Statement

, 2005

Dear Viacom Stockholder:

In June 2005, Viacom announced a plan to separate into two nimble and focused companies, consisting of businesses with great assets and industry-leading brands. We will accomplish this by creating a new publicly traded company that will include our advertising-supported Cable Networks business and our Paramount Pictures business. Upon the separation, this new company will be named "Viacom Inc." We will refer to this new company as "New Viacom." The existing company, which today you know as Viacom, will change its name upon the separation to "CBS Corporation." We will refer to this company as it will exist after the separation as "CBS Corp."

In many ways, this separation is a natural extension of the path we laid out in creating Viacom. We recognize the need to adapt to a changing competitive environment and we believe that the separation of New Viacom and CBS Corp. will best serve our stockholders.

New Viacom, the newly created company, will be a portfolio of well-known cable networks and entertainment brands, including MTV Networks (including MTV: Music Television, VH1, Nickelodeon, Nick at Nite, Comedy Central, CMT: Country Music Television, Spike TV, TV Land and many other networks around the world), BET, Paramount Pictures, Paramount Home Entertainment and Famous Music. The focus of New Viacom will be to drive strong financial growth and deliver superior returns to stockholders and, in turn, to use that financial capacity to invest in its businesses and to repurchase its shares.

After the separation, CBS Corp. will consist of our powerful mass-media brands which are led by two great broadcast networks in CBS and UPN; the CBS television stations group; Infinity Broadcasting, our radio company; the CBS, Paramount and King World television production and syndication operations; the well-known premium cable brand Showtime; as well as Viacom Outdoor, Paramount Parks and Simon & Schuster. CBS Corp. plans to continue building and reinvesting in its businesses to further financial growth, deliver strong operating results, generate significant cash flow, pay an attractive annual dividend and, most importantly, provide stockholders with a consistent and significant return on their investment.

Viacom has always been at the leading edge of industry trends, and we intend to maintain that leadership and maximize our future earnings potential for stockholders. By separating Viacom's higher growth Cable Networks businesses from those more focused on generating significant cash flow and returning that cash flow to investors, the separation will provide current and potential stockholders with attractive investment options that are more closely aligned with their various investment objectives. In addition, the separation will better enable management to directly impact and maximize the strengths of their respective businesses by focusing their resources on developing and growing their core businesses. Viacom's businesses are vibrant, and we believe that their separation into two companies will not only enhance their strength, but will also improve their strategic, operational and financial flexibility and will give New Viacom an attractive acquisition currency.

In the separation, you will receive 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock for every share of Viacom class A common stock you own. You will also receive 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock for every share of Viacom class B common stock you own. You will receive cash in lieu of receiving any fractional shares of New Viacom common stock and CBS Corp. common stock. We expect to complete the separation on December 31, 2005.

This Prospectus-Information Statement, which is being mailed to all Viacom stockholders, describes the separation in greater detail and contains important information about the businesses of New Viacom and CBS Corp. following the separation. We encourage you to read this material carefully. If you have any questions regarding the separation, please contact MacKenzie Partners, Inc. at 1-212-929-5500 (collect) or 1-800-322-2885 (toll-free).

We are proud of what we have created here at Viacom, and want to ensure we can efficiently capitalize on our skills, our innovative ideas and the business opportunities that arise. We also recognize the significant untapped business and investment potential of our brands. This is an exciting time for our company as we undertake a bold reinvention of our businesses that we believe will maximize our future as well as stockholder returns.

Edgar Filing: VIACOM INC - Form S-4/A

We thank you for your continuing investment and support.

Sincerely,

Sumner M. Redstone
Chairman and Chief Executive Officer

Thomas E. Freston
Co-President and Co-Chief Operating Officer

Leslie Moonves
Co-President and Co-Chief Operating Officer

See the section entitled "Risk Factors" beginning on page 25 for a discussion of certain factors that you should consider in connection with the separation.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this Prospectus-Information Statement or determined if this Prospectus-Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.

**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY**

This Prospectus-Information Statement is dated _____ **and is first being mailed to stockholders on or**
about _____ **.**

AVAILABLE INFORMATION

This Prospectus-Information Statement incorporates important business and financial information about Viacom Inc. and New Viacom Corp. that is not included in or delivered with this Prospectus-Information Statement. This information is available without charge to Viacom stockholders upon written or oral request. Requests should be directed to:

MACKENZIE PARTNERS, INC.

105 Madison Avenue
New York, New York 10016
proxy@mackenziepartners.com

Call Collect: 1-212-929-5500

or

Toll-Free: 1-800-322-2885

You should make any requests for documents by December 23, 2005 to ensure timely delivery of the documents prior to the separation.

TABLE OF CONTENTS

	Page
QUESTIONS AND ANSWERS ABOUT THE SEPARATION	1
SUMMARY	6
The Companies	6
The Separation	12
Risk Factors	16
Comparative Market Value of Securities	16
No Dissenters' Rights	16
Accounting Treatment	16
Regulatory Approval	16
Certain U.S. Federal Income Tax Consequences	17
New York Stock Exchange Listings	17
Interests of Certain Persons in the Separation	17
New Viacom Summary Selected Combined Financial Data	19
New Viacom Summary Unaudited Pro Forma Combined Condensed Financial Information	20
Viacom Summary Selected Consolidated Financial Data	21
CBS Corp. Summary Unaudited Pro Forma Consolidated Condensed Financial Information	23
Comparative Historical and Pro Forma Per Share Data	24
RISK FACTORS	25
Risk Factors Relating to the Separation	25
Risk Factors Relating to New Viacom Common Stock and CBS Corp. Common Stock and the Securities Markets	29
Risk Factors Relating to New Viacom's Business	30
Risk Factors Relating to CBS Corp.'s Business	35
CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS	44
THE SEPARATION	45
Background of and Reasons for the Separation	45
Recommendation of the Viacom Board of Directors	47
Matters Related to the Adoption of the Merger Agreement	47
No Dissenters' Rights	47
Accounting Treatment	47
Regulatory Approval	48
Certain U.S. Federal Income Tax Consequences	48
U.S. Federal Securities Law Consequences	51
Non-U.S. Securities Law Disclosure	51
New York Stock Exchange Listing	51
When-Issued Trading	52
Merger Agreement	52
Interests of Certain Persons in the Separation	57
Security Ownership of Certain Beneficial Owners and Management of Viacom	59
Viacom Market Price Information and Dividend Policy	61
Performance Graph	62
COMPARISON OF STOCKHOLDER RIGHTS BEFORE AND AFTER THE SEPARATION	63
DESCRIPTION OF NEW VIACOM AFTER THE SEPARATION	68
Business of New Viacom	68

Edgar Filing: VIACOM INC - Form S-4/A

Capitalization of New Viacom	84
New Viacom Selected Combined Financial Data	85
Management's Discussion and Analysis of New Viacom's Results of Operations and Financial Condition	86
Executive Officers and Directors of New Viacom	111
Corporate Governance	118
New Viacom Director Compensation	119
New Viacom Director Equity Compensation Plans	122
New Viacom Executive Compensation	128
Certain New Viacom Executive Compensation Plans	136
Security Ownership of Certain Beneficial Owners and Management of New Viacom	146
New Viacom Related Party Transactions	148
Possible Offer to Exchange Stock Options for RSUs	151
New Viacom Market Price Information and Dividend Policy	152
Description of New Viacom Capital Stock	152
Description of New Viacom Financing Arrangements	157
New Viacom Unaudited Pro Forma Combined Condensed Financial Information	158
DESCRIPTION OF CBS CORP. AFTER THE SEPARATION	165
Business of CBS Corp.	165
Capitalization of CBS Corp.	191
Executive Officers and Directors of CBS Corp.	192
Corporate Governance	199
CBS Corp. Director Compensation	200
CBS Corp. Executive Compensation	203
Security Ownership of Certain Beneficial Owners and Management of CBS Corp.	202
CBS Corp. Related Party Transactions	214
Possible Offer to Exchange Stock Options for RSUs	215
CBS Corp. Market Price Information and Dividend Policy	216
Description of CBS Corp. Capital Stock	216
Description of CBS Corp. Financing Arrangements	222
CBS Corp. Unaudited Pro Forma Consolidated Condensed Financial Information	223
ARRANGEMENTS BETWEEN NEW VIACOM AND CBS CORP. AFTER THE SEPARATION	232
Material Agreements Relating to the Separation	232
Description of Material Agreements Relating to Ongoing Relationships	236
OTHER INFORMATION	238
Legal Matters	238
Experts	238
Where You Can Find More Information	238
FINANCIAL STATEMENTS	F-1
Annex A	Merger Agreement
Annex B	Form of Separation Agreement
Annex C	Form of Tax Matters Agreement

You should rely only on the information contained in this Prospectus-Information Statement or to which we specifically refer you. We have not authorized anyone to provide you with information that is different from the information contained in this Prospectus-Information Statement.

Edgar Filing: VIACOM INC - Form S-4/A

EXPLANATORY NOTES

Throughout this Prospectus-Information Statement:

the term "Viacom" refers to Viacom Inc. as it exists prior to the separation;

the term "New Viacom" refers to the new publicly traded company to be named "Viacom Inc." after the separation;

the term "CBS Corp." refers to Viacom Inc. as it will exist after the separation, when it will be renamed "CBS Corporation";
and

the terms "we," "our" or "us" refer to Viacom and New Viacom, the co-registrants of the Registration Statement of which this Prospectus-Information Statement forms a part.

Following the separation, New Viacom will include the following:

MTV Networks;

BET;

Paramount Pictures;

Paramount Home Entertainment; and

Famous Music.

Following the separation, CBS Corp. will include the following:

CBS television network;

UPN television network;

CBS television stations group;

Infinity Broadcasting;

the CBS, Paramount and King World television production and syndication operations;

Showtime Networks;

Viacom Outdoor;

Paramount Parks; and

Simon & Schuster.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION

The following are questions and answers regarding the separation that summarize certain information explained in more detail elsewhere in this Prospectus-Information Statement. In addition to these questions and answers, you should read the entire document carefully.

Q: What is Viacom proposing to do?

A: Viacom is proposing to create a new, publicly traded company named Viacom Inc., which we refer to in this Prospectus-Information Statement as "New Viacom," which will include the following principal businesses: MTV Networks (including MTV: Music Television®, MTV2®, Nickelodeon®, Nick at Nite®, VH1®, TV Land®, Spike TV®, CMT: Country Music Television®, Comedy Central®, MTV Overdrive , Neopets® and many other networks, websites and related businesses around the world), BET®, Paramount Pictures®, Paramount Home Entertainment and Famous Music®. Mr. Thomas E. Freston will be the president and chief executive officer and a director of New Viacom and Mr. Sumner M. Redstone will serve as chairman of the board of directors of New Viacom.

The existing company, which will be renamed "CBS Corporation" at the time of the separation, and which we refer to in this Prospectus-Information Statement as "CBS Corp.," will retain the following principal businesses of Viacom: the CBS® and UPN® television networks, the CBS television stations group, Infinity Broadcasting®, Viacom Outdoor®, the CBS, Paramount® and King World® television production and syndication operations, as well as Showtime®, Simon & Schuster® and Paramount Parks®. Mr. Leslie Moonves will be the president and chief executive officer and a director of CBS Corp. and Mr. Sumner M. Redstone will serve as chairman of the board of directors of CBS Corp.

For a more complete description of the businesses of New Viacom and CBS Corp., see the sections entitled "Description of New Viacom After the Separation" and "Description of CBS Corp. After the Separation" beginning on pages 68 and 165, respectively.

Q: Why has Viacom decided to separate into two public companies?

A: The Viacom board of directors has authorized the separation of New Viacom into its own publicly traded company because it believes the separation will be beneficial to Viacom and its stockholders for the following reasons, among others:

Viacom's businesses are expected to face many new challenges and opportunities. The businesses of New Viacom and CBS Corp. will be more focused as separate companies, which will allow each company to be better able to make necessary changes to its businesses to better respond as the industries in which they operate continue to change.

The market price of New Viacom common stock and CBS Corp. common stock is expected to more closely reflect the efforts of management at each company than the market price of Viacom common stock currently does. For example, senior managers of New Viacom or CBS Corp. can expect their performance to be reflected more directly in the market price of New Viacom common stock or CBS Corp. common stock than in the market price of the combined, larger company. As a result, we believe that equity incentives, such as stock options and restricted share units of New Viacom and CBS Corp., will better align the interests of management with the interests of stockholders and improve each company's performance.

Separating New Viacom into its own publicly traded company will provide investors with the opportunity to invest in the New Viacom businesses and the CBS Corp. businesses individually, rather than

Edgar Filing: VIACOM INC - Form S-4/A

as a single unit. The Viacom board of directors believes that investments in New Viacom, a largely pure-play content company, and CBS Corp., a largely pure-play mass-media company, may be more attractive to certain kinds of investors and that the separation will therefore increase the demand for each company's shares. For example, New Viacom may be more attractive to investors who wish to invest in the potential of the pure content business and who believe that New Viacom offers more share price appreciation potential due to its ability to employ its anticipated cash flows to reinvest in its businesses and engage in complementary acquisitions, and CBS Corp. may be more attractive to investors who wish to invest in the potential of the mass-media business and who are interested in receiving a dividend that represents a higher payout ratio than Viacom's current dividend. CBS Corp. currently anticipates paying a regular cash dividend to its stockholders that initially will be no less than the aggregate annual payment of approximately \$450 million under Viacom's existing dividend program.

The growth opportunities available to New Viacom are expected to result in a higher market price as measured by price-to-earnings ratios or a higher value of New Viacom's capitalization in relation to operating income before depreciation and amortization. This will provide New Viacom with the ability to finance acquisitions with equity in a manner that preserves capital with significantly less dilution of its stockholders' interests.

Q: How will the separation of New Viacom be accomplished?

A. The separation of New Viacom into its own publicly traded company will be accomplished through a merger, which we refer to in this Prospectus-Information Statement as the "merger." On November 21, 2005, Viacom, New Viacom and Viacom Merger Sub Inc., a newly formed wholly owned subsidiary of Viacom, entered into an agreement and plan of merger, which we refer to in this Prospectus-Information Statement as the "merger agreement," pursuant to which Viacom Merger Sub Inc. will be merged with and into Viacom, with Viacom continuing as the surviving entity. On the effective date of the merger, Viacom will be renamed "CBS Corporation."

On the effective date of the merger, each outstanding share of Viacom class A common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock. Similarly, each outstanding share of Viacom class B common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock. Holders of either class of Viacom common stock will receive cash in lieu of fractional shares of New Viacom common stock and CBS Corp. common stock.

For example:

If you own 25 shares of Viacom class A common stock immediately prior to the merger, you will receive 12 shares of New Viacom class A common stock, 12 shares of CBS Corp. class A common stock, cash in lieu of 0.5 of a share of New Viacom class A common stock and cash in lieu of 0.5 of a share of CBS Corp. class A common stock.

If you own 25 shares of Viacom class B common stock immediately prior to the merger, you will receive 12 shares of New Viacom class B common stock, 12 shares of CBS Corp. class B common stock, cash in lieu of 0.5 of a share of New Viacom class B common stock and cash in lieu of 0.5 of a share of CBS Corp. class B common stock.

Q: What will I own after the separation?

A. Following the separation, you will own common stock in both New Viacom and

CBS Corp., each of which will be a separate publicly traded company. If you own Viacom common stock by virtue of your participation in the Viacom 401(k) Plan, following the separation, the Viacom common stock in your Viacom 401(k) Plan account will be converted into common stock of both New Viacom and CBS Corp.

Your shares of New Viacom common stock will only represent an ownership interest in New Viacom and not in CBS Corp., and your shares of CBS Corp. common stock will only represent an ownership interest in CBS Corp. and not in New Viacom.

The holders of Viacom class A common stock and Viacom class B common stock immediately prior to the consummation of the separation will, immediately following the separation, initially own New Viacom class A common stock and New Viacom class B common stock and CBS Corp. class A common stock and CBS Corp. class B common stock in the same proportion as such holders owned the respective classes of Viacom common stock immediately prior to the consummation of the separation.

Q: How will existing Viacom stock options and restricted share units be treated in the separation?

A. Existing Viacom stock options and restricted share units held by an individual who is an employee or director of Viacom immediately prior to the separation will be converted into options and restricted share units of class B common stock of the company to which such individual will provide services immediately following the separation.

Existing Viacom stock options and restricted share units held by an individual who is a former employee or director of Viacom immediately prior to the separation will be converted into options and restricted share units of CBS Corp. class B common stock.

In the case of an employee or director of Viacom immediately prior to the separation who will provide services to both companies immediately following the separation, the Viacom stock options and restricted share units held by such individual will be converted such that the holder will receive an equal number of options and restricted share units of New Viacom class B common stock and CBS Corp. class B common stock. Options to purchase shares of Viacom class B common stock will be converted in a manner designed to preserve their intrinsic value ("intrinsic value" is the difference between the market value of the share subject to an option and the option exercise price). Restricted share units will be converted in a manner designed to preserve their value.

Q: Will shares of New Viacom common stock and CBS Corp. common stock be listed on a stock exchange after the separation?

A: Following the separation, subject to official notice of issuance to the New York Stock Exchange, shares of each class of New Viacom common stock and CBS Corp. common stock will be listed on the New York Stock Exchange. Viacom has reserved the symbols "VIA" and "VIA.B" for New Viacom class A common stock and New Viacom class B common stock, respectively, and the symbols "CBS.A" and "CBS" for CBS Corp. class A common stock and CBS Corp. class B common stock, respectively.

Q: What will the relationship between New Viacom and CBS Corp. be after the separation is completed?

A: The separation will establish New Viacom and CBS Corp. as separate publicly traded companies. However, both New Viacom and CBS Corp. will continue to benefit from certain commercial arrangements between the companies and will continue to be under the common control of National Amusements, Inc. Each company will have a separate board of directors and a majority of the members of each board of directors will be independent. In addition, a majority of directors on each company's board of directors will not be directors of the other company, although New Viacom and CBS

Corp. will initially have three common directors. Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of National Amusements, Inc., will serve as chairman of the board of directors of both companies and Ms. Shari Redstone, the president and a director of National Amusements, Inc., will serve as non-executive vice chair of the board of directors of both companies. Mr. Philippe P. Dauman, a director of National Amusements, Inc., will serve as a director of both New Viacom and CBS Corp. For a description of these relationships and of provisions that will be included in each company's certificate of incorporation related to corporate opportunities that may be of interest to both New Viacom and CBS Corp., see the sections entitled "Description of New Viacom After the Separation Description of New Viacom Capital Stock," "Description of CBS Corp. After the Separation Description of CBS Corp. Capital Stock" and "Arrangements Between New Viacom and CBS Corp. After the Separation" beginning on pages 152, 216 and 232, respectively.

Q: Why is Viacom not holding a stockholders' meeting in connection with the separation?

A: NAIRI, Inc., a wholly owned subsidiary of National Amusements, Inc., holds sufficient shares of Viacom class A common stock to adopt the merger agreement by written consent. On November 21, 2005, NAIRI executed a written consent adopting the merger agreement, and no further stockholder approval or action is required.

Q: When does Viacom expect to complete the separation?

A: Viacom currently expects to complete the separation on December 31, 2005, assuming that all of the conditions to the merger have been satisfied or waived by such time. You should be aware that, even though NAIRI has adopted the merger agreement, the Viacom board of directors may abandon or delay the separation in its sole discretion. See the section entitled "The Separation Merger Agreement Conditions to the Merger" beginning on page 56.

Q: Am I entitled to dissenters' rights?

A: No. You will not be entitled to dissenters' rights in connection with the merger. See the section entitled "The Separation No Dissenters' Rights" beginning on page 47.

Q: Will shares of New Viacom common stock and CBS Corp. common stock have different rights from shares of Viacom common stock?

A: Currently shares of Viacom class A common stock and Viacom class B common stock are identical and holders of such shares are entitled to the same rights and privileges, except with respect to voting rights and except as required by Delaware law. Following the separation, the shares of New Viacom class A common stock and CBS Corp. class A common stock will have substantially the same rights that shares of Viacom class A common stock currently have, and shares of New Viacom class B common stock and CBS Corp. class B common stock will have substantially the same rights that shares of Viacom class B common stock currently have. Accordingly, holders of shares of New Viacom class A common stock and CBS Corp. class A common stock will be entitled to one vote per share, and holders of shares of New Viacom class B common stock and CBS Corp. class B common stock will not be entitled to any voting rights, except as required by Delaware law. See the sections entitled "Description of New Viacom After the Separation Description of New Viacom Capital Stock," "Description of CBS Corp. After the Separation Description of CBS Corp. Capital Stock" and "Comparison of Stockholder Rights Before and After the Separation" beginning on pages 152, 216 and 63, respectively.

Q: Will I be taxed on the receipt of shares of New Viacom common stock and CBS Corp. common stock in the merger?

A: The receipt of shares of New Viacom common stock and CBS Corp. common stock will not be a taxable transaction for

U.S. federal income tax purposes, except with respect to cash received in lieu of fractional shares. You should consult your tax advisor as to the particular U.S. federal income tax consequences to you of the merger, as well as any state, local or foreign tax consequences. See the section entitled "The Separation Certain U.S. Federal Income Tax Consequences" beginning on page 48.

Q: What do I need to do with my shares of Viacom class A and class B common stock?

A: If you hold physical certificates representing your shares of Viacom common stock, Wachovia Bank, N.A., the exchange agent for Viacom and New Viacom in connection with the separation, will mail a letter of transmittal to you after the separation has been completed. Once you receive the letter of transmittal, you should follow the instructions and return it, together with the certificates representing your shares and any other required documents, to the exchange agent. You will then be issued book-entry credit for whole shares of New Viacom common stock and CBS Corp. common stock to which you are entitled and you will receive cash in lieu of any fractional shares. If you hold your shares of Viacom common stock in book-entry form, you will not be required to return a letter of transmittal with respect to such shares. Following the separation, shares of Viacom common stock held in book-entry form will be exchanged automatically and you will be issued book-entry credit for whole shares of New Viacom common stock and CBS Corp. common stock to which you are entitled, and you will receive cash in lieu of any fractional shares.

Q: Will I receive physical certificates representing shares of New Viacom common stock and CBS Corp. common stock following the separation?

A: No. Following the separation, physical certificates representing shares of New Viacom common stock and CBS Corp. common stock will not be issued. Instead, New Viacom common stock and CBS Corp. common stock will be issued electronically (in book-entry form) by way of direct registration, which will eliminate the physical handling and safekeeping responsibilities inherent in owning physical stock certificates and the need to return a duly executed stock certificate to effect a transfer. The Bank of New York, who will act as the registrar and transfer agent for New Viacom and CBS Corp. after the separation, will mail you a book-entry confirmation statement of your shares of New Viacom common stock and CBS Corp. common stock.

Q: Where can I find more information about Viacom, New Viacom and CBS Corp.?

A: You can find more information about Viacom, New Viacom and CBS Corp. in the sections entitled "Description of New Viacom After the Separation" and "Description of CBS Corp. After the Separation" beginning on pages 68 and 165, respectively, and from various sources described in the section entitled "Other Information Where You Can Find More Information" beginning on page 238.

Q: Who should I contact if I have questions about the separation or want copies of additional documents?

A: You may contact MacKenzie Partners, Inc., the information agent for the separation, to ask any questions about the separation or to request additional documents, including copies of this Prospectus-Information Statement. You should direct your requests to MacKenzie Partners, Inc. by telephone at 1-212-929-5500 (call collect) or at 1-800-322-2885 (toll-free) or by e-mail at proxy@mackenziepartners.com.

SUMMARY

The following is a summary of certain information explained in more detail elsewhere in this Prospectus-Information Statement. In addition to this summary, you should read the entire document carefully, including (1) the risks relating to the separation and investing in New Viacom common stock and CBS Corp. common stock and those relating to New Viacom's and CBS Corp.'s businesses discussed in the section entitled "Risk Factors" beginning on page 25, (2) the unaudited pro forma condensed financial statements for each of New Viacom and CBS Corp. beginning on pages 158 and 223, respectively, and (3) the historical combined financial statements and related notes for New Viacom included in the section entitled "Financial Statements" beginning on page F-1. The summaries set forth below under the captions "The Companies New Viacom Corp." and "The Companies CBS Corporation" assume the completion of the separation. See the section entitled "Other Information Where You Can Find More Information" beginning on page 238.

THE COMPANIES

Viacom Inc.

1515 Broadway
New York, New York 10036
(212) 258-6000
www.viacom.com

Viacom is a diversified worldwide entertainment company with operations in the following segments:

Cable Networks: The Cable Networks segment consists of: MTV Networks, including MTV: Music Television, MTV2, Nickelodeon, Nick at Nite, Noggin®, The N®, Nicktoons Network, VH1, TV Land, Spike TV, CMT: Country Music Television, Comedy Central, MTV Desi, MTV Español, mtvU, MTV Hits, MTV Jams, MTV Overdrive, VH1 Classic, VHUno, VH1 Soul, VH1 Country, Logo, Game One, VIVA, TMF, Paramount Comedy and Neopets; and BET, which includes BET Jazz®; and other program services, including online programming services.

Television: The Television segment consists of the CBS and UPN television networks, Showtime Networks Inc. including its various program services, Viacom's 39 owned broadcast television stations and its television production and syndication business, including King World Productions and Paramount Television®.

Radio: The Radio segment owns and operates 178 radio stations in 40 U.S. markets through Infinity Broadcasting.

Outdoor: The Outdoor segment, through Viacom Outdoor, displays advertising on out-of-home media, including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage.

Entertainment: The Entertainment segment includes Paramount Pictures, which produces and distributes feature motion pictures, and Famous Music, which is involved in music publishing.

Parks/Publishing: This category includes Simon & Schuster, which publishes and distributes consumer books under imprints such as Simon & Schuster, Pocket Books®, Scribner® and The Free Press, and Paramount Parks, which is principally engaged in the ownership and operation of five theme parks and a themed attraction in the United States and Canada.

Effective July 1, 2005, Viacom realigned its segments to reflect the new management structure under its co-presidents and co-chief operating officers. The Cable Networks and Entertainment

segments will become part of New Viacom and the Television, Radio, Outdoor and Parks/Publishing segments will become part of CBS Corp.

New Viacom Corp.

1515 Broadway
New York, New York 10036
www.viacom.com

New Viacom is a worldwide entertainment company with operations in the following segments:

Cable Networks: The Cable Networks segment includes: MTV Networks, including MTV: Music Television, MTV2, Nickelodeon, Nick at Nite, Noggin, The N, Nicktoons Network, VH1, TV Land, Spike TV, CMT: Country Music Television, Comedy Central, MTV Desi, MTV Español, mtvU, MTV Hits, MTV Jams, MTV Overdrive, VH1 Classic, VHUno, VH1 Soul, VH1 Country, Logo, Game One, VIVA, TMF, Paramount Comedy, and Neopets; BET, which includes BET Jazz; and other program services, including online programming services.

Entertainment: The Entertainment segment includes Paramount Pictures, which produces and distributes feature motion pictures, and Famous Music, which is involved in music publishing.

New Viacom's revenues from the Cable Networks segment accounted for 68% of New Viacom's revenues for the first nine months of 2005 and 69% for the year ended December 31, 2004, and its revenues from Entertainment accounted for 32% of New Viacom's revenues for the first nine months of 2005 and 31% for the year ended December 31, 2004. New Viacom generated approximately 21% of its total revenues from international regions, principally Europe and Canada, in the nine months ended September 30, 2005 and the full year 2004. For the year ended December 31, 2004, approximately 68% and 7% of total international revenues of \$1.7 billion were generated in Europe and Canada, respectively. Revenues from the Cable Networks segment are generated primarily from advertising sales, affiliate fees, home entertainment sales, and licensing and merchandising of cable products. Revenues from the Entertainment segment are generated primarily from the licensing and sale of feature films in various media.

On October 13, 2005, MTV Networks acquired IFILM Corp., which owns IFILM.com, a video-entertainment website, for \$49 million. On July 22, 2005, Viacom sold Famous Players, its Canadian-based theater chain, to Cineplex Galaxy L.P. for approximately \$400 million. In the second quarter of 2005, MTV Networks acquired Neopets, Inc., which we refer to in this Prospectus-Information Statement as "Neopets," the owner and operator of Neopets.com, a leading online destination and community for kids and young adults, for approximately \$160 million. During 2004, MTV Networks acquired 97.8% of VIVA Media AG, which we refer to in this Prospectus-Information Statement as "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, Viacom completed the split-off of Blockbuster Inc., which we refer to in this Prospectus-Information Statement as "Blockbuster," by exchanging 72 million shares of Blockbuster class A common stock and 72 million shares of Blockbuster class B common stock that Viacom owned for 27,961,165 shares of Viacom class A and class B common stock, which we refer to in this Prospectus-Information Statement as "Viacom common stock." New Viacom's results of operations include Blockbuster and Famous Players as discontinued operations. MTV Networks also acquired the remaining 50% interest that it did not already own in Comedy Central in 2003 and in Noggin in 2002.

For additional information about significant dispositions and acquisitions, see Notes 3 and 9 to the New Viacom Interim Combined Financial Statements and Notes 4 and 7 to the New Viacom Combined Financial Statements beginning on page F-1.

New Viacom competes with many different entities and media in various markets worldwide. New Viacom competes in the cable, broadcast and entertainment businesses with other diversified

international entertainment companies such as Time Warner Inc., Sony Corporation, The Walt Disney Company, and NBC Universal, Inc.

New Viacom was organized as a Delaware corporation in 2005 as a wholly owned subsidiary of Viacom and prior to the separation will acquire its businesses from Viacom. On the effective date and as a result of the separation, New Viacom will be a separate publicly traded company. New Viacom's principal offices are located at 1515 Broadway, New York, New York 10036.

New Viacom Competitive Strengths

New Viacom believes it possesses a number of strengths that will enable it to compete successfully:

One of the largest collections of cable programming assets in the world, with leading global brands that are attractive advertiser vehicles. New Viacom has one of the largest collections of cable programming assets in the world. The leading New Viacom program services reach more than 165 territories through over 110 television channels presented in over 25 different languages and, as of April 2005, reached approximately 430 million subscriber households worldwide. New Viacom develops brands that appeal to a wide range of targeted niche audiences, which also represent demographics sought after by advertisers. New Viacom's broad distribution to specialized audiences and its focus on forging strong connections with its audiences make New Viacom's networks an attractive vehicle for advertisers.

A long-standing international presence with a global footprint. New Viacom has a significant and/or growing presence in many regions of the world. Established advertising, distribution and programming relationships in these markets, together with New Viacom's infrastructure, provide a platform for new channel launches and complementary acquisitions. New Viacom's global footprint also allows it to incubate technical and programming expertise in emerging markets where new media products have been deployed more extensively than in the U.S. markets.

A strong connection with audiences, a proven ability to create global hits and a valuable entertainment library. New Viacom's focus on understanding its audiences through research enhances its ability to develop innovative and original programming. New Viacom's 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. As a result of its creative output in television and in motion pictures, New Viacom has assembled a library with significant future revenue potential.

A secure distribution platform and a strong track record of obtaining new carriage. New Viacom's 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. New Viacom believes that its strong relationships with its affiliates, the quality and popularity of its programming networks and its ability to create programming that is appealing to viewers, have enabled it to renew existing affiliation agreements, to obtain new distribution for existing networks and to launch new networks.

An established and growing multiplatform presence. New Viacom programs and operates over 100 websites, including broadband sites, which collectively attracted over 26 million unique visitors in August 2005, giving New Viacom the second most-visited entertainment website portfolio on the Internet during that period. New Viacom continues to launch integrated broadband channels and content, online communities, wireless applications and video-on-demand offerings across its properties in many countries around the world.

An attractive financial profile. New Viacom's largest business segment, Cable Networks, has increased its revenue at a compound annual growth rate of 22% since 1988. Operating income in this segment has increased at a compound annual growth rate of 25% since 1988. Cable Networks reported operating income margins of 41%, 41%, and 40% in 2002, 2003, and 2004, respectively.

An experienced management team with a proven creative and financial track record. New Viacom's operations are led by a financially-disciplined management team that has the expertise and the vision to develop and successfully exploit its programming content. The senior management of New Viacom and its MTV Networks, Black Entertainment Television, which we refer to in this Prospectus-Information Statement as "BET," and Paramount Pictures operations consists of leaders in the media and entertainment industry who have established track records of success.

New Viacom Strategy

New Viacom's mission as a newly separate business 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. To achieve this, New Viacom intends to create growth by focusing on the consumer, enhancing existing brands, developing new brands and implementing its multiplatform strategy. New Viacom believes that it can deliver superior returns to stockholders by capitalizing on these strengths and deepening its relationships with advertisers, distribution affiliates, creative talent and licensees.

More specifically, New Viacom plans to:

Enhance existing brands and build compelling new brands for all platforms. New Viacom intends to continue investing in programming and new and existing brands to serve and grow its audiences, and expand its distribution and advertising revenue streams. Through these investments, New Viacom intends to build its content libraries, support expanded distribution and licensing, and expand into new media and businesses. These initiatives will also continue to benefit from New Viacom's core consumer research and creative strengths.

Enlarge its established international base. New Viacom believes its established position as a multichannel network operator in many regions of the world enhances its ability to create additional value by acquiring other networks, broadening its platforms, and growing its consumer products business. New Viacom expects to use its knowledge and experience in local markets around the world and its worldwide scale to develop and acquire new programming services. New Viacom also expects to strengthen its international position by building its 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 its growing multiplatform business. New Viacom expects to take advantage of emerging technological and consumer trends by extending its brands and distributing its content into new forms of integrated digital distribution, such as broadband, wireless, online community, video-on-demand, high-definition programming and other businesses. This extension of its brands will be achieved through a combination of organic growth, investment in its existing and complementary businesses, strategic relationships and focused acquisitions that fit with its current brands and core competencies.

Revitalize Paramount Pictures. New Viacom believes it has a significant opportunity to revitalize Paramount Pictures. With a new management team in place at Paramount, New Viacom intends to pursue projects more closely aligned with the tastes of target movie-going audiences and to take advantage of its significant marketing and creative capabilities. New Viacom also plans to grow its worldwide home entertainment operations, enhance its revenue opportunities by retaining a greater proportion of international rights for its theatrically released films and begin the self-distribution of its films theatrically in certain key international markets.

Edgar Filing: VIACOM INC - Form S-4/A

Build on its reputation as a great place to work. New Viacom has created and is committed to maintaining a diverse culture that attracts the best people, embraces original ideas, is nimble and quick, promotes integrity, creativity and innovation, and values fun. New Viacom believes this diverse and creative culture will enable it to develop and to market equally diverse, creative and valuable television, motion picture and new media programming and will give it a significant strategic advantage, in the United States and around the world.

CBS Corporation

51 West 52nd Street
New York, New York 10019
www.cbcorporation.com

CBS Corp. is a worldwide entertainment company with operations in the following segments:

Television: The Television segment consists of the CBS and UPN television networks, Showtime Networks Inc., including its various program services, CBS Corp.'s 39 owned broadcast television stations, and its television production and syndication business, including King World Productions and Paramount Television.

Radio: The Radio segment owns and operates 178 radio stations in 40 U.S. markets through Infinity Broadcasting.

Outdoor: The Outdoor segment, through Viacom Outdoor, displays advertising on out-of home media, including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage.

Parks/Publishing: The Parks/Publishing category includes Simon & Schuster, which publishes and distributes consumer books under imprints such as Simon & Schuster, Pocket Books, Scribner and The Free Press, and Paramount Parks, which is principally engaged in the ownership and operation of five theme parks and a themed attraction in the United States and Canada.

On November 3, 2005, Viacom announced that CBS Corp. is acquiring CSTV Networks, Inc., a leading digital sports media company, for approximately \$325 million. The acquisition is expected to close in January 2006, after receipt of certain government approvals, and after the separation. At that time, consideration for the transaction will be principally in CBS Corp. class B common stock.

CBS Corp. competes with many different entities and media in various markets worldwide. In addition to competition in each of its businesses, CBS Corp. competes for opportunities in the entertainment business with other diversified international entertainment companies such as The Walt Disney Company, NBC Universal Inc., News Corporation and Clear Channel Communications.

Viacom, which will be renamed "CBS Corporation" after the separation, was organized in Delaware in 1986. CBS Corp.'s principal offices are located at 51 West 52nd Street, New York, New York 10019.

CBS Corp. Competitive Strengths

CBS Corp. believes it possesses a number of strengths that will enable it to compete successfully:

Wide reach and distribution in multiple media throughout the United States and key international markets. CBS Corp. is a leading mass-media company, with businesses that for many years have consistently held leadership positions as well as newer businesses that operate on the leading-edge of the media industry. CBS Corp., through its many and varied operations, combines broad reach with well-positioned national and local businesses, all of which provide it with an extensive distribution

network by which it serves audiences and advertisers in all 50 states, including the largest domestic metropolitan areas, and key international markets.

Popular programming and content that appeals to a broad range of audiences. CBS Corp. delivers television, radio and publishing content that appeals to audiences across virtually every segment of the population. In network television, CBS Network and UPN offer programming watched by millions of viewers, including shows like *CSI: Crime Scene Investigation*, *CSI: Miami*, *CSI: New York*, *The Amazing Race*, *Without a Trace*, *Two and a Half Men*, *Everybody Hates Chris*, *America's Next Top Model*, *60 Minutes*, the *Late Show with David Letterman*, *The Young and the Restless* and a significant selection of important sports events, from AFC National Football League games to the Masters golf tournament and the month-long March Madness college basketball tournament. CBS Corp. is the industry leader in the production and distribution of syndicated television programming, with long-running and recent successes like *Wheel of Fortune*, *Jeopardy!*, *The Oprah Winfrey Show*, *Dr. Phil*, *Entertainment Tonight* and *Judge Judy*. CBS Corp. owns, operates and programs radio stations in nearly every format, including rock, news/talk, oldies, adult contemporary, country, sports/talk and urban, many of which now utilize the Internet as an additional way of reaching their audiences with enhanced content. Since the beginning of 2003, Simon & Schuster has had over 265 books on *The New York Times* bestseller list, including 40 titles that were #1 bestsellers.

Extensive and growing content library exploited on multiple platforms. CBS Corp. has a large television library that includes approximately 3,000 titles and more than 77,000 hours of programming, including a growing collection of high-definition content. This valuable asset includes many popular television programs, including *CSI: Crime Scene Investigation*, *CSI: Miami*, *CSI: New York*, *Survivor*, *The Amazing Race*, *Cheers*, *I Love Lucy*, *The Andy Griffith Show* and *Frasier*. In addition, through King World and Paramount Domestic Television, CBS Corp. holds the library rights to current first-run syndicated television programs including *Entertainment Tonight*, *Judge Judy* and *Inside Edition*. The Infinity Broadcasting division owns local content in many formats from its radio stations and is pursuing new media opportunities including Internet streaming and podcasting. Simon & Schuster publishes some 1,800 titles a year and holds the rights to more than 17,000 titles, including perennial classics like *The Joy of Cooking*, *7 Habits of Highly Effective People* and *Dr. Spock's Baby and Child Care*, and the majority of works by Ernest Hemingway and F. Scott Fitzgerald, among others.

Ability to serve the needs of advertisers. Many advertisers reach their consumers via CBS Corp.'s programming. Whether an advertiser wishes to launch a new brand across multiple platforms or heighten awareness of an existing product in a particular region of the country, the scope of CBS Corp.'s distribution network gives advertisers access to consumers in all 50 states and key international markets. CBS Corp. is well-positioned to serve advertisers locally with a combination of television, radio and outdoor properties in the majority of the top 20 domestic markets.

Strong financial profile with significant cash flow generation. CBS Corp. has consistently generated strong revenues and cash flow from its operations and believes that its financial position will result in solid investment grade debt ratings.

Experienced management team with a proven creative and financial track record. CBS Corp. has a seasoned senior management team with significant experience in the media industry and a track record of building successful businesses, and managerial talent with extensive experience in each of its segments and business units.

CBS Corp. Strategy

The principal elements of CBS Corp.'s business strategy are well-established and include:

Focus on high quality, broad-appeal programming and content. CBS Corp. has longstanding experience identifying, producing and distributing popular, high-quality programming that appeals to many audiences. Broad groups of viewers and listeners enjoy the Super Bowl, the Grammy's® and *Survivor* on CBS Network, and make 1010 WINS-AM New York "All-News Radio" the most listened-to station in the United States, while targeted demographics watch UPN and listen to radio stations like KROQ-FM Los Angeles. CBS Corp.'s television, radio, syndication and publishing businesses are dedicated to developing their content to reach both broad and targeted audiences and attract advertisers.

Exploit content on emerging platforms. CBS Corp. plans to continue to develop content that can be applied to existing, emerging and undeveloped platforms. CBS Corp.'s content-based businesses in television, radio and publishing have established in-house digital media efforts focusing on the Internet, broadband technologies, wireless communications, on-demand programming and interactivity. These new platforms are expected to provide new ways for the various businesses of CBS Corp. to distribute the wealth of content produced by its many operations, and are expected to create new revenue streams from advertising, subscriptions and licensing.

Attract and retain creative talent. To build upon and ensure its leadership position in the development and distribution of its numerous forms of content, CBS Corp. will continue to focus on developing compelling content by attracting, aligning with and retaining high quality creative talent in each of its business operations, recognizing that it is the talent of writers, producers, actors and others that ultimately gives CBS Corp. its strength, its ability to serve its many audiences and customers, and its capability to grow market share in a competitive arena. CBS Corp.'s management team maintains strong relationships with many of the most successful content creators in media and places a high priority on establishing a diverse and creative work environment.

Focus on local presence in large and attractive markets. The vast majority of U.S. revenue in the local radio, television and outdoor industries is generated in the nation's top 50 markets. CBS Corp. intends to maintain its focus and build its presence in large markets attractive to advertisers, and regularly evaluate its portfolio of television, radio and outdoor assets in each of those markets to ensure that its mix of properties is delivering attractive margins and cash flow.

Deliver an attractive return on investment to stockholders and maintain ongoing cash flow growth. By focusing on its strengths and other strategies, CBS Corp. intends to deliver attractive returns to its stockholders by continuing to grow its cash flow and returning a significant portion of that cash flow to its stockholders in the form of dividends.

THE SEPARATION (page 45)

Reasons for the Separation (page 45)

The following is a summary of the information and factors that the Viacom board of directors considered in approving the merger and the separation and is not intended to be exhaustive.

The separation will result in more focused companies better able to respond quickly and successfully to changes in their respective industries.

Viacom's businesses are expected to face many new challenges and opportunities. The businesses of New Viacom and CBS Corp. will be more focused as separate companies, which will allow each company to be better able to make necessary changes to its businesses to better respond as the industries in which they operate continue to change.

The separation will create equity securities with a market price that is expected to more closely reflect the efforts of each company's management and therefore will better align management with stockholder interests.

The market price of New Viacom common stock and CBS Corp. common stock is expected to more closely reflect the efforts of management at each company than the market price of Viacom common stock currently does. For example, senior managers of New Viacom or CBS Corp. can expect their performance to be reflected more directly in the market price of New Viacom common stock or CBS Corp. common stock than in the market price of the combined, larger company. As a result, we believe that equity incentives, such as stock options and restricted share units, which we refer to in this Prospectus-Information Statement as "RSUs," will better align the interests of management with the interests of stockholders and improve each company's performance.

The separation will provide investors two largely pure-play investment options that may be more attractive than one combined company.

Separating New Viacom into its own publicly traded company will provide investors with the opportunity to invest in the New Viacom businesses and the CBS Corp. businesses individually, rather than as a single unit. The Viacom board of directors believes that investments in New Viacom, a largely pure-play content company, and CBS Corp., a largely pure-play mass-media company, may be more attractive to certain kinds of investors and that the separation will therefore increase the demand for each company's shares. For example, New Viacom may be more attractive to investors who wish to invest in the potential of the pure content business and who believe that New Viacom offers more share price appreciation potential due to its ability to employ its anticipated cash flows to reinvest in its businesses and engage in complementary acquisitions, and CBS Corp. may be more attractive to investors who wish to invest in the potential of the mass-media business, and who are interested in receiving a dividend that represents a higher payout ratio than Viacom's current dividend. CBS Corp. currently anticipates paying a regular cash dividend to its stockholders that initially will be no less than the aggregate annual payment of approximately \$450 million under Viacom's existing dividend program.

After the separation, New Viacom will have the opportunity to finance acquisitions with its own equity.

The growth opportunities available to New Viacom are expected to result in a higher market price as measured by price-to-earnings ratios or a higher value of New Viacom's capitalization in relation to operating income before depreciation and amortization. This will provide New Viacom with the ability to finance acquisitions with equity in a manner that preserves capital with significantly less dilution of its stockholders' interests.

Recommendation of the Viacom Board of Directors (page 47)

On November 21, 2005, the Viacom board of directors determined that the merger and the separation are in the best interests of Viacom's stockholders and, accordingly, approved the merger agreement and the separation and recommended that holders of Viacom class A common stock, par value \$0.01 per share, which we refer to in this Prospectus-Information Statement as "Viacom class A common stock," adopt the merger agreement. The Viacom board of directors also resolved to submit the merger agreement for consideration by NAIRI, Inc., a wholly owned subsidiary of Viacom's controlling stockholder, National Amusements, Inc., which we refer to in this Prospectus-Information Statement as "NAI," pursuant to a written consent, and on November 21, 2005, NAIRI executed a written consent adopting the merger agreement. Accordingly, no further stockholder approval or action is required.

Terms of the Separation (pages 52 and 232)

The separation of New Viacom into its own publicly traded company will be effected through the merger of Viacom Merger Sub Inc., which we refer to in this Prospectus-Information Statement as "Merger Sub," with and into Viacom. On the effective date of the merger and the separation, which we refer to in this Prospectus-Information Statement as the "effective date," Viacom will be renamed "CBS Corporation" and will continue as the surviving entity and:

each outstanding share of Viacom class A common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class A common stock, par value \$0.001 per share, and 0.5 of a share of CBS Corp. class A common stock, par value \$0.001 per share;

each outstanding share of Viacom class B common stock, par value \$0.01 per share, which we refer to in this Prospectus-Information Statement as "Viacom class B common stock," will automatically convert into the right to receive 0.5 of a share of New Viacom class B common stock, par value \$0.001 per share, and 0.5 of a share of CBS Corp. class B common stock, par value \$0.001 per share; and

holders of Viacom class A common stock and Viacom class B common stock will receive cash in lieu of fractional shares of New Viacom common stock and CBS Corp. common stock.

In this Prospectus-Information Statement, we refer to New Viacom class A common stock, par value \$0.001 per share, and New Viacom class B common stock, par value \$0.001 per share, as "New Viacom class A common stock" and "New Viacom class B common stock," respectively, and collectively as "New Viacom common stock." In this Prospectus-Information Statement, we refer to CBS Corp. class A common stock, par value \$0.001 per share, and CBS Corp. class B common stock, par value \$0.001 per share, as "CBS Corp. class A common stock" and "CBS Corp. class B common stock," respectively, and collectively as "CBS Corp. common stock." See the section entitled "The Separation Merger Agreement" beginning on page 52. The merger agreement is included as Annex A to this Prospectus-Information Statement. We encourage you to read the merger agreement, which is the legal document that governs the merger.

In addition to the merger agreement, Viacom and New Viacom will enter into several arrangements that will effect the separation and govern certain aspects of the relationship between New Viacom and CBS Corp. following the separation, including a separation agreement that sets forth the allocation of assets, liabilities, rights and obligations of New Viacom and CBS Corp. following the separation, which we refer to in this Prospectus-Information Statement as the "separation agreement." Throughout this Prospectus-Information Statement, information regarding the assets and liabilities of New Viacom and CBS Corp. following the separation is presented giving effect to the provisions of the separation agreement, unless the context otherwise requires. See the section entitled "Arrangements Between New Viacom and CBS Corp. After the Separation" beginning on page 232 for a description of these arrangements.

The separation agreement will provide that, subject to the terms and conditions contained in the separation agreement:

All of the assets primarily related to the New Viacom business (as described in this Prospectus-Information Statement), as well as certain other specific assets, will be retained by or transferred to New Viacom or one of its subsidiaries;

All of the assets of Viacom not retained by or transferred to New Viacom will be assets of CBS Corp. or one of its subsidiaries;

Liabilities will be allocated to and assumed by New Viacom to the extent they are related to the New Viacom business, as well as certain other specified liabilities;

Liabilities of Viacom not retained by or transferred to New Viacom will be liabilities of CBS Corp.;

Specified liabilities related to businesses of Viacom that were sold or discontinued prior to the date of the separation will be assumed by New Viacom or will remain with CBS Corp. For example, liabilities related to Blockbuster, Famous Players and UCI will be assumed by New Viacom and liabilities related to Westinghouse and Gulf & Western will remain with CBS Corp.; and

Shortly prior to the separation, New Viacom will pay a special cash dividend to Viacom (to be renamed CBS Corporation) in an amount sufficient to establish CBS Corp.'s opening debt balance from continuing operations at \$7 billion, subject to certain adjustments. New Viacom has received \$6.0 billion in financing commitments, subject to the satisfaction of customary conditions, for a bridge term facility that will be used to fund the special cash dividend and for general corporate purposes. Based on Viacom's historical debt balance at September 30, 2005, the unaudited pro forma combined condensed financial statements included in this Prospectus-Information Statement reflect a special cash dividend of \$3.4 billion. After taking into account acquisitions and dispositions of assets, operating cash flow and share repurchases, among other things, Viacom's debt balance is expected to be significantly higher at the time of the separation than at September 30, 2005, and, as a result, the special cash dividend is expected to be significantly higher than \$3.4 billion. Based on Viacom's debt level as of November 21, 2005, the special cash dividend would approximate \$4.8 billion.

Conditions to the Merger (page 56)

The merger will be completed only if various conditions are satisfied or, for certain conditions, waived in the sole discretion of Viacom, including the following:

the Registration Statement of which this Prospectus-Information Statement forms a part registering the shares of New Viacom common stock and CBS Corp. common stock to be issued in the merger has been declared effective by the Securities and Exchange Commission, which we refer to in this Prospectus-Information Statement as the "SEC," and there is no stop-order in effect with respect to the Registration Statement and no proceedings for that purpose have been initiated by the SEC;

no governmental authority or court prohibits the merger or makes the merger illegal;

the shares of each class of New Viacom common stock and CBS Corp. common stock to be issued to Viacom stockholders in the merger have been authorized for listing by the New York Stock Exchange, subject to official notice of issuance;

Viacom has received the consent of the Federal Communications Commission, which we refer to in this Prospectus-Information Statement as the "FCC," to the transfer of control of New Viacom or any subsidiary of New Viacom that holds any FCC licenses; and

Viacom has received an opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP and/or a private letter ruling from the Internal Revenue Service, which we refer to in this Prospectus-Information Statement as the "IRS," in each case, to the effect that, for U.S. federal income tax purposes, the merger and the distribution of New Viacom common stock in the merger will generally qualify as a tax-free distribution under Sections 355 and 368 of the Internal Revenue Code of 1986, as amended, which we refer to in this Prospectus-Information Statement as the "Code," and the distribution of CBS Corp. common stock in the merger will also generally be tax-free to Viacom and its stockholders. On November 22, 2005, Viacom received a private letter ruling from the IRS addressing certain issues relating to the foregoing, which we refer to in this Prospectus-Information Statement as the "IRS ruling." In accordance with current IRS ruling

Edgar Filing: VIACOM INC - Form S-4/A

policy, the IRS ruling does not address certain significant issues relating to qualification under Section 355 of the Code and, as to those issues, Viacom will be relying on an opinion of counsel. See the section entitled "The Separation Certain U.S. Federal Income Tax Consequences" beginning on page 48.

The merger will become effective when a certificate of merger is filed with the Delaware Secretary of State or at such later time as is specified in the certificate of merger.

RISK FACTORS (page 25)

You should carefully consider the matters described in the section entitled "Risk Factors" beginning on page 25, as well as other information included in this Prospectus-Information Statement and the other documents to which you have been referred, for discussions of the risks involved in the separation and in investments in New Viacom and CBS Corp. and those relating to New Viacom and CBS Corp.'s businesses.

COMPARATIVE MARKET VALUE OF SECURITIES (page 61)

On June 13, 2005, the last New York Stock Exchange trading day before the public announcement of the separation, the closing sale prices per share of Viacom class A common stock and Viacom class B common stock were \$34.20 and \$34.03, respectively.

On November 22, 2005, the last New York Stock Exchange trading day before the date of filing of Amendment No. 1 to the Registration Statement of which this Prospectus-Information Statement forms a part, the closing sale prices per share of Viacom class A common stock and Viacom class B common stock were \$34.09 and \$34.07, respectively. There is currently no trading market for New Viacom common stock or CBS Corp. common stock.

NO DISSENTERS' RIGHTS (page 47)

Viacom stockholders will not have dissenters' rights in connection with the merger.

ACCOUNTING TREATMENT (page 47)

The separation will be accounted for by Viacom (to be renamed CBS Corporation) as a spin-off of New Viacom. Following the separation, New Viacom will be accounted for as a discontinued operation by CBS Corp. The measurement date for discontinued operations for accounting purposes will be the date of the separation. After the spin-off, the assets and liabilities of New Viacom will be accounted for at the historical book values carried by Viacom prior to the spin-off. No gain or loss will be recognized as a result of the separation. Total costs related to the spin-off will be recognized as incurred by Viacom and allocated between New Viacom and CBS Corp. in accordance with the terms of the separation agreement.

REGULATORY APPROVAL (page 48)

Apart from the registration under U.S. federal securities laws of shares of each class of New Viacom common stock and CBS Corp. common stock to be distributed in the separation, Viacom does not believe that any material governmental or regulatory filings or approvals will be necessary to consummate the separation. Viacom must obtain the FCC's consent prior to the completion of certain interim transactions that involve the transfer of licenses issued by the FCC or subsidiaries that hold FCC licenses and the separation of New Viacom from CBS Corp. The FCC has expedited approval processes for corporate restructurings, such as the separation, that do not result in any change in the ultimate control of the company. Viacom does not believe that the FCC consent process will delay the separation.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES (page 48)

It is a condition to the merger that Viacom receive an opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP and/or a private letter ruling from the IRS, in each case, to the effect that, for U.S. federal income tax purposes, the merger and the distribution of New Viacom common stock in the merger will generally qualify as a tax-free distribution under Sections 355 and 368 of the Code and the distribution of CBS Corp. common stock in the merger will also generally be tax-free to Viacom and its stockholders. Viacom received the IRS ruling on November 22, 2005. In accordance with current IRS ruling policy, the IRS ruling does not address certain significant issues relating to qualification under Section 355 of the Code and, as to those issues, Viacom will be relying on an opinion of counsel. The merger has been structured to be tax-free for U.S. federal income tax purposes to Viacom stockholders, except with respect to cash received in lieu of fractional shares of New Viacom common stock and CBS Corp. common stock. The merger will also be tax-free to Viacom for U.S. federal income tax purposes, except with respect to taxes arising out of foreign and other internal restructurings undertaken in connection with the separation and any "excess loss account" or "intercompany transaction" required to be taken into account by Viacom under the regulations promulgated by the Department of the Treasury, which we refer to in this Prospectus-Information Statement as the "Treasury Regulations."

You should consult your tax advisor as to the particular consequences to you of the separation. See the risk factor captioned "If the Merger Is Determined to Be Taxable, Viacom and Viacom Stockholders Could Be Subject to a Material Amount of Taxes" beginning on page 27 and the section entitled "The Separation Certain U.S. Federal Income Tax Consequences" beginning on page 48.

NEW YORK STOCK EXCHANGE LISTINGS (page 51)

Viacom class A common stock and Viacom class B common stock, which currently trade on the New York Stock Exchange under the symbols "VIA" and "VIA.B," respectively, will cease trading on the New York Stock Exchange as of the effective date of the merger, and each class of New Viacom common stock and CBS Corp. common stock will thereafter begin trading on the New York Stock Exchange. Viacom has reserved the symbols "VIA" and "VIA.B" for New Viacom class A common stock and New Viacom class B common stock, respectively, and the symbols "CBS.A" and "CBS" for CBS Corp. class A common stock and CBS Corp. class B common stock, respectively. Each of New Viacom and CBS Corp. believes that it will satisfy all of the applicable listing standards relating to its common stock.

In addition, a when-issued trading market for New Viacom common stock and CBS Corp. common stock may develop after the shares of New Viacom common stock and CBS Corp. common stock are registered with the SEC under the Securities Exchange Act of 1934, as amended, which we refer to in this Prospectus-Information Statement as the "Exchange Act." "When-issued" trading refers to conditional purchase or sale transactions with respect to a security that has been authorized but is not yet issued and available. The when-issued trading market would be a market that develops prior to the separation for the shares of New Viacom common stock and CBS Corp. common stock that will be distributed in the merger. If when-issued trading occurs, the listing of each class of New Viacom common stock and CBS Corp. common stock is expected to be under trading symbols different from the regular way trading symbols. On November 21, 2005, Viacom's \$8 billion stock purchase program was modified to authorize Viacom to purchase New Viacom common stock and CBS Corp. common stock in the when-issued market.

INTERESTS OF CERTAIN PERSONS IN THE SEPARATION (page 57)

The directors and executive officers of Viacom may have interests in the separation that are different from, or in addition to, your interests, and that may create potential conflicts of interest, including the following:

Viacom's directors and executive officers have equity interests in Viacom, including holdings of Viacom common stock, stock options, RSUs and/or phantom units that reference Viacom

Edgar Filing: VIACOM INC - Form S-4/A

common stock. In connection with the separation, holdings of Viacom common stock by these persons will convert into New Viacom common stock and CBS Corp. common stock in the same manner as shares held by stockholders. The stock options and RSUs that will be received by these persons will be converted using the same formula as Viacom employees' stock options and RSUs and will depend on the company with which the director or executive officer continues his or her affiliation following the separation. Phantom units held by these persons will generally convert into phantom units that reference both New Viacom common stock and CBS Corp. common stock, except for phantom units attributable to certain former CBS Corporation plans which will convert only into phantom units that reference CBS Corp. class B common stock. See the section entitled "The Separation Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards" beginning on page 53.

Mr. Sumner M. Redstone serves as chairman of the board of directors and chief executive officer of Viacom, and Ms. Shari Redstone serves as non-executive vice chairman of the Viacom board of directors. Mr. Redstone is the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, the controlling stockholder of Viacom, and Ms. Redstone is the president and a director of NAI. In addition, Messrs. George S. Abrams, David R. Andelman and Philippe P. Dauman, who are currently directors of Viacom, are also directors of NAI. Following the separation, Mr. Redstone will serve as chairman of the board of directors of New Viacom and chairman of the board of directors of CBS Corp. Ms. Redstone will serve as non-executive vice chair of the board of directors of both New Viacom and CBS Corp. and Mr. Dauman will serve as a director of both New Viacom and CBS Corp. Mr. Abrams will serve on the New Viacom board of directors and not on the CBS Corp. board of directors following the separation, and Mr. Andelman will serve on the CBS Corp. board of directors and not on the New Viacom board of directors following the separation.

Messrs. Alan C. Greenberg, Charles E. Phillips, Jr., Frederic V. Salerno and William Schwartz, who currently serve as directors of Viacom, will serve on the New Viacom board of directors and not on the CBS Corp. board of directors following the separation, and Messrs. Joseph A. Califano, Jr., William S. Cohen and Robert D. Walter, who currently serve as directors of Viacom, will serve on the CBS Corp. board of directors and not on the New Viacom board of directors following the separation. Mr. Greenberg is the chairman of the executive committee and a member of the board of directors of The Bear Stearns Companies Inc., which we refer to in this Prospectus-Information Statement as "Bear Stearns." Bear Stearns is acting as one of Viacom's financial advisors in connection with the separation and may receive a fee for its services not in excess of customary amounts.

Following the separation, Mr. Thomas E. Freston, who is currently the co-president and co-chief operating officer of Viacom, will be the president and chief executive officer and a director of New Viacom, but will not be an officer or director of CBS Corp., and Mr. Leslie Moonves, who is currently the co-president and co-chief operating officer of Viacom, will be the president and chief executive officer and a director of CBS Corp., but will not be an officer or director of New Viacom.

On June 14, 2005, the Viacom board of directors established a special committee, consisting of Mr. Redstone, as chair, Ms. Redstone, as vice chair, Mr. Dauman and Mr. Salerno, to meet regularly to assist with and oversee the separation process. Each member of this special committee of the Viacom board of directors, other than Mr. Redstone, is being compensated for serving as a member of the committee in the amount of \$30,000, payable upon the consummation or abandonment of the separation. In this Prospectus-Information Statement, we refer to this committee of the Viacom board of directors as the "Viacom separation committee."

NEW VIACOM SUMMARY SELECTED COMBINED FINANCIAL DATA

The following table presents the summary selected combined financial data of New Viacom. The summary selected combined financial data should be read in conjunction with, and is qualified in its entirety by reference to, New Viacom's combined financial statements and the notes thereto and the related "Management's Discussion and Analysis of New Viacom's Results of Operations and Financial Condition", each of which is included elsewhere in this Prospectus-Information Statement. The combined statements of operations data for the years ended December 31, 2004, 2003 and 2002 and the combined balance sheet data at December 31, 2004 and 2003 are derived from New Viacom's audited combined financial statements. The unaudited combined statements of operations data for the nine months ended September 30, 2005 and 2004 and for the years ended December 31, 2001 and 2000 are derived from New Viacom's accounting records for those periods and have been prepared on a basis consistent with New Viacom's audited combined financial statements. The unaudited combined balance sheet data at September 30, 2005 and at December 31, 2002, 2001 and 2000 is derived from New Viacom's accounting records for those periods and have been prepared on a basis consistent with New Viacom's audited combined financial statements.

The summary selected combined financial data is as reported in the historical carve-out financial statements of New Viacom beginning on page F-1. The summary selected combined financial data may not necessarily reflect New Viacom's results of operations and financial position in the future or what results of operations and financial position would have been had New Viacom been a separate, stand-alone company during the periods presented. The results for the nine months ended September 30, 2005 are not necessarily indicative of the results to be expected for the full year. For additional information, see "New Viacom Unaudited Pro Forma Combined Condensed Financial Information" and the notes thereto beginning on page 158.

Combined Statements of Operations Data
(in millions)

	Nine Months Ended September 30,		Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Revenues	\$ 6,885.9	\$ 5,628.4	\$ 8,132.2	\$ 7,304.4	\$ 6,050.7	\$ 5,497.6	\$ 5,021.1
Operating income	\$ 1,953.8	\$ 1,657.3	\$ 2,282.8	\$ 2,001.8	\$ 1,737.6	\$ 1,092.1	\$ 672.7
Net earnings from continuing operations	\$ 1,174.4	\$ 987.4	\$ 1,392.9	\$ 1,147.4	\$ 993.9	\$ 438.5	\$ 412.3

Combined Balance Sheet Data
(in millions)

	At December 31,					
	At September 30, 2005	2004	2003	2002	2001	2000
	(unaudited)			(unaudited)	(unaudited)	(unaudited)
Total assets	\$ 18,380.5	\$ 18,440.8	\$ 22,304.4	\$ 21,993.0	\$ 23,007.8	\$ 20,561.8
Capital lease obligations	\$ 328.8	\$ 345.1	\$ 202.2	\$ 170.0	\$ 183.9	\$ 217.8
Total invested equity	\$ 13,274.9	\$ 13,465.2	\$ 15,815.7	\$ 15,248.6	\$ 16,275.6	\$ 14,207.3

NEW VIACOM SUMMARY UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

The following table presents the summary unaudited pro forma combined condensed financial information of New Viacom. The summary unaudited pro forma combined condensed financial information is derived from, and should be read in conjunction with, the information provided in "Description of New Viacom After the Separation New Viacom Unaudited Pro Forma Combined Condensed Financial Information" and the notes thereto beginning on page 158. The summary unaudited pro forma combined condensed financial information is based upon the historical carve-out financial statements of New Viacom beginning on page F-1. The summary unaudited pro forma combined condensed statements of operations information is presented as if the separation had occurred on January 1, 2004. The summary unaudited pro forma combined condensed balance sheet information is presented as if the separation had occurred on September 30, 2005.

The summary unaudited pro forma combined condensed financial information is presented for illustrative purposes only and may not necessarily reflect New Viacom's results of operations and financial position in the future or what New Viacom's results of operations and financial position would have been had New Viacom been a separate, stand-alone company during the periods presented.

**Summary Unaudited Pro Forma Combined Condensed Statements
of Operations Information
(in millions, except per share amounts)**

	Nine Months Ended September 30, 2005	Year Ended December 31, 2004
Revenues	\$ 6,885.9	\$ 8,132.2
Operating income	\$ 1,953.8	\$ 2,282.8
Net earnings from continuing operations	\$ 1,089.7	\$ 1,280.5
Net earnings from continuing operations per common share:		
Basic	\$ 1.36	\$ 1.49
Diluted	\$ 1.36	\$ 1.48
Weighted average number of common shares outstanding:		
Basic	799.2	857.2
Diluted	803.6	862.9

**Summary Unaudited Pro Forma Combined Condensed Balance Sheet Information
(in millions)**

	At September 30, 2005
Total assets	\$ 18,399.6
Long-term debt, including capital lease obligations	\$ 3,717.9
Stockholders' equity	\$ 9,904.9

VIACOM SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents the summary selected consolidated financial data of Viacom. The summary selected consolidated financial data should be read in conjunction with, and is qualified in its entirety by reference to, Viacom's consolidated financial statements and the notes thereto and the related "Management's Discussion and Analysis of Results of Operations and Financial Condition" included in Viacom's Form 10-Q for the period ended September 30, 2005, and Viacom's Form 8-K filed with the SEC on November 21, 2005, each of which is incorporated by reference into this Prospectus-Information Statement. For additional information, please refer to Viacom's Form 10-K for the year ended December 31, 2004 also incorporated by reference into this Prospectus-Information Statement. The unaudited consolidated statements of operations data for the nine months ended September 30, 2005 and 2004 and the unaudited consolidated balance sheet data at September 30, 2005 are derived from Viacom's unaudited accounting records for those periods and have been prepared on a basis consistent with Viacom's audited consolidated financial statements.

Statement of Operations Data
(in millions, except per share amounts)

	Nine Months Ended September 30,(a)		Year Ended December 31,(a)				
	2005	2004	2004(b)(c)	2003(b)	2002(d)	2001	2000(e)(f)
Revenues	\$ 17,321.5	\$ 15,952.5	\$ 22,143.9	\$ 20,450.9	\$ 18,849.6	\$ 17,933.1	\$ 14,986.6
Operating income (loss)	\$ 3,975.9	\$ 3,779.2	\$ (12,957.6)	\$ 4,469.4	\$ 4,243.8	\$ 1,696.6	\$ 1,287.9
Net earnings (loss) from continuing operations	\$ 2,094.2	\$ 2,063.6	\$ (15,050.6)	\$ 2,238.2	\$ 2,038.8	\$ (3.5)	\$ (263.4)
Net earnings (loss) before cumulative effect of accounting change	\$ 2,047.3	\$ 976.7	\$ (16,149.8)	\$ 1,435.4	\$ 2,206.6	\$ (223.5)	\$ (363.8)
Net earnings (loss)	\$ 2,047.3	\$ 976.7	\$ (17,462.2)	\$ 1,416.9	\$ 725.7	\$ (223.5)	\$ (816.1)
Basic earnings (loss) per common share:							
Net earnings(loss) from continuing operations	\$ 1.31	\$ 1.19	\$ (8.78)	\$ 1.28	\$ 1.16	\$	\$ (.21)
Net earnings (loss) before cumulative effect of accounting change	\$ 1.28	\$.57	\$ (9.42)	\$.82	\$ 1.26	\$ (.13)	\$ (.30)
Net earnings (loss)	\$ 1.28	\$.57	\$ (10.19)	\$.81	\$.41	\$ (.13)	\$ (.67)
Diluted earnings (loss) per common share:							
Net earnings (loss) from continuing operations	\$ 1.30	\$ 1.19	\$ (8.78)	\$ 1.27	\$ 1.15	\$	\$ (.21)
Net earnings (loss) before cumulative effect of accounting change	\$ 1.27	\$.56	\$ (9.42)	\$.82	\$ 1.24	\$ (.13)	\$ (.30)
Net earnings (loss)	\$ 1.27	\$.56	\$ (10.19)	\$.80	\$.41	\$ (.13)	\$ (.67)
Cash dividends per common share(g)	\$.21	\$.18	\$.25	\$.12	\$	\$	\$

Edgar Filing: VIACOM INC - Form S-4/A

Balance Sheet Data
(in millions)

	At September 30,(a)		At December 31,(a)			
	2005	2004	2003	2002	2001	2000
Total assets	\$ 67,314.7	\$ 68,002.3	\$ 90,225.5	\$ 90,496.9	\$ 91,343.7	\$ 83,239.2
Long-term debt from continuing operations	\$ 10,698.8	\$ 9,708.7	\$ 9,653.4	\$ 9,835.0	\$ 10,325.3	\$ 11,412.9
Long-term debt from discontinued operations	\$ 153.2	\$ 208.3	\$ 427.8	\$ 770.9	\$ 1,150.3	\$ 1,681.0
Total stockholders' equity	\$ 40,354.8	\$ 42,024.3	\$ 63,205.0	\$ 62,487.8	\$ 62,716.8	\$ 47,966.9

- (a) On July 22, 2005, Viacom sold Famous Players, its Canadian-based theater chain, to Cineplex Galaxy L.P. In 2004, the exchange offer for the split-off of Blockbuster was completed. Blockbuster and Famous Players are presented as discontinued operations. All prior periods have been reclassified to conform to this presentation.
- (b) The application of SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" resulted in non-cash charges of \$18.0 billion, or \$10.43 per diluted share, in 2004 to reduce the carrying amount of Radio and Outdoor goodwill and intangibles to their respective estimated fair values and \$1.3 billion in 2003 related to a reduction in Blockbuster's goodwill and other long-lived assets.
- (c) As a result of the initial adoption of Emerging Issues Task Force Topic No. D-108 "Use of Residual Method to Value Acquired Assets Other than Goodwill", Viacom recorded an after-tax charge of \$1.3 billion, or \$.77 per diluted share, as a cumulative effect of accounting change, to reduce the intangible balances attributable to television stations FCC licenses.
- (d) As a result of the initial adoption of SFAS 142, Viacom recorded an after-tax non-cash charge of \$1.5 billion as a cumulative effect of a change in accounting principle.
- (e) As a result of the adoption of Statement of Position 00-2, "Accounting by Producers or Distributors of Films", Viacom recorded a non-cash after-tax charge of \$452.3 million as a cumulative effect of accounting change.
- (f) On May 4, 2000, the former CBS Corporation merged with and into Viacom, and effective from that date, its results of operations are included in the consolidated financial results of Viacom.
- (g) Viacom announced a quarterly cash dividend of \$.06 per share on its common stock during the first three quarters of 2004 and a cash dividend of \$.07 per share in the fourth quarter of 2004. A quarterly cash dividend of \$.06 per share was declared during the third and fourth quarter of 2003.

CBS CORP. SUMMARY UNAUDITED PRO FORMA CONSOLIDATED CONDENSED FINANCIAL INFORMATION

The following table presents the summary unaudited pro forma consolidated condensed financial information of CBS Corp. The summary unaudited pro forma consolidated condensed financial information is derived from, and should be read in conjunction with, the information provided in "Description of CBS Corp. After the Separation CBS Corp. Unaudited Pro Forma Consolidated Condensed Financial Information" and the notes thereto beginning on page 223. The summary unaudited pro forma consolidated condensed financial information is based upon the historical financial statements of Viacom (to be renamed CBS Corporation) and reflects the carve-out of New Viacom. The summary unaudited pro forma consolidated condensed statements of operations information is presented as if the separation had occurred on January 1, 2004. Due to Viacom's intention to account for New Viacom as a discontinued operation following the separation, the unaudited pro forma consolidated condensed statements of operations information for the years ended December 31, 2003 and 2002 are also presented herein. The summary unaudited pro forma consolidated condensed balance sheet information is presented as if the separation had occurred on September 30, 2005.

The summary unaudited pro forma consolidated condensed financial information is presented for illustrative purposes only and may not necessarily reflect CBS Corp.'s results of operations and financial position in the future or what CBS Corp.'s results of operations and financial position would have been had the separation been completed as of the dates indicated.

Summary Unaudited Pro Forma Consolidated Condensed Statements of Operations Information
(in millions, except per share amounts)

	Nine Months Ended September 30, 2005	Year Ended December 31,		
		2004	2003	2002
Revenues	\$ 10,708.3	\$ 14,547.3	\$ 13,554.5	\$ 13,163.4
Operating income (loss)	\$ 2,019.3	\$ (15,154.5)	\$ 2,511.3	\$ 2,578.6
Net earnings (loss) from continuing operations	\$ 982.4	\$ (16,306.6)	\$ 1,116.9	\$ 1,088.0
Net earnings (loss) from continuing operations per common share:				
Basic	\$ 1.23	\$ (19.02)	\$.64	\$.62
Diluted	\$ 1.22	\$ (19.02)	\$.63	\$.61
Weighted average number of common shares outstanding:				
Basic	799.1	857.2	1,744.0	1,752.8
Diluted	803.6	857.2	1,760.7	1,774.8

Summary Unaudited Pro Forma Consolidated Condensed Balance Sheet Information
(in millions)

	At September 30, 2005	
Total assets	\$	49,554.0
Long-term debt from continuing operations, including capital lease obligations	\$	7,000.0
Stockholders' equity	\$	30,447.1

COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following table presents per share information for Viacom on a historical basis and CBS Corp. and New Viacom on an unaudited pro forma basis. The pro forma information is presented as if the separation was completed on January 1, 2004 for the purposes of pro forma statement of operations data and on September 30, 2005 and December 31, 2004 for purposes of pro forma balance sheet data. For a full description of all pro forma events and assumptions, refer to "Description of CBS Corp. After the Separation CBS Corp. Unaudited Pro Forma Consolidated Condensed Financial Information" and related notes beginning on page 223 and "Description of New Viacom After the Separation New Viacom Unaudited Pro Forma Combined Condensed Financial Information" and related notes beginning on page 158.

The unaudited pro forma per share data is presented for illustrative purposes only and may not necessarily reflect CBS Corp.'s or New Viacom's results of operations or financial position in the future or what CBS Corp.'s or New Viacom's results of operations or financial position would have been had the separation been completed on January 1, 2004 or September 30, 2005, respectively.

Nine Months Ended or at September 30, 2005	Viacom Historical	CBS Corp. Pro Forma	New Viacom Pro Forma
Net earnings per common share from continuing operations:			
Basic	\$ 1.31	\$ 1.23	\$ 1.36
Diluted	\$ 1.30	\$ 1.22	\$ 1.36
Book value per common share ⁽¹⁾ :			
Basic	\$ 26.00	\$ 39.23	\$ 12.76
Diluted	\$ 25.88	\$ 39.05	\$ 12.70
Cash dividends per common share ⁽²⁾	\$.21	\$.42	\$

Twelve Months Ended or at December 31, 2004	Viacom Historical	CBS Corp. Pro Forma	New Viacom Pro Forma
Net earnings (loss) per common share from continuing operations:			
Basic	\$ (8.78)	\$ (19.02)	\$ 1.49
Diluted	\$ (8.78)	\$ (19.02)	\$ 1.48
Book value per common share ⁽¹⁾ :			
Basic	\$ 25.54	\$ 37.69	\$ 13.50
Diluted	\$ 25.54	\$ 37.47	\$ 13.42
Cash dividends per common share ⁽²⁾	\$.25	\$.50	\$

(1) The book value per common share of Viacom was calculated by dividing stockholders' equity by the number of common shares outstanding at the end of the period. The common shares outstanding used in the pro forma book value per share reflect the conversion of each outstanding share of Viacom common stock into 0.5 of a share of CBS Corp. common stock and 0.5 of a share of New Viacom common stock.

(2) CBS Corp. currently anticipates paying a regular cash dividend to its stockholders that initially will be no less than the aggregate annual payment of approximately \$450 million under Viacom's existing dividend program. Based on Viacom's historical cash dividend per common share and the conversion ratio of 0.5 of a share of CBS Corp. common stock for each share of Viacom common stock, CBS Corp.'s pro forma cash dividends were \$.42 per common share and \$.50 per common share for the nine months ended September 30, 2005 and the twelve months ended December 31, 2004, respectively. New Viacom does not currently anticipate paying dividends to its stockholders.

RISK FACTORS

You should consider carefully all of the information set forth in, or incorporated by reference into, this Prospectus-Information Statement and, in particular, the risk factors described below.

The risk factors have been separated into four groups:

risks that relate to the separation;

risks that relate to New Viacom common stock and CBS Corp. common stock and the securities markets generally;

risks that relate to New Viacom's business; and

risks that relate to CBS Corp.'s business.

In addition, the risks described below and elsewhere in this Prospectus-Information Statement are not the only ones Viacom, New Viacom and CBS Corp. are facing or that relate to the separation. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on New Viacom's or CBS Corp.'s future results or on the separation. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

If any of the events described below were to occur, New Viacom's or CBS Corp.'s businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected. In any such case, the price of New Viacom common stock or CBS Corp. common stock could decline, and you could lose all or part of your investment in New Viacom or CBS Corp.

For the purposes of these risk factors, unless the context otherwise indicates, we have assumed that the separation has been completed.

RISK FACTORS RELATING TO THE SEPARATION

The Financial Results of Each Company May Be Subject to Increased Variability After the Separation

After the separation, each company will have distinct market dynamics and economics as compared to Viacom prior to the separation. The businesses that each company will operate following the separation are sensitive to general economic conditions, consumer confidence, consumer retail spending, interest rates, adverse publicity, competition and trends in technology. The diversification that Viacom has currently, resulting from operating the businesses of New Viacom alongside the businesses of CBS Corp., tends to moderate financial and operational volatility. Following the separation, that diversification will diminish, and each company may experience increased volatility in terms of cash flow, seasonality, working capital and financing requirements.

The Historical and Pro Forma Financial Information of Viacom, New Viacom and CBS Corp. May Not Be Indicative of Their Results as Separate Companies

The historical and pro forma financial information of Viacom, New Viacom and CBS Corp. presented in, or incorporated by reference into, this Prospectus-Information Statement may not necessarily reflect what the results of operations, financial condition and cash flows of each company would have been had the companies been operating as separate entities pursuing independent strategies during the periods presented or what the results of operations, financial condition and cash flows of each company will be in the future. As a result, historical and pro forma financial information should not be relied upon as being indicative of future results of operations, financial condition and cash flows of either New Viacom or CBS Corp.

The Businesses of Each Company Will Be Attributable to the Other Company for Certain Regulatory Purposes

So long as New Viacom and CBS Corp. are under common control, each company's businesses, as well as the businesses of any other commonly controlled company, will be attributable to the other company 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 one company will continue to be attributable to the other company for FCC purposes even after the two companies cease to be commonly controlled, if the two companies share common officers, directors, or attributable stockholders. As a result, the businesses and conduct of one company may have the effect of limiting the activities or strategic business alternatives available to the other company.

The Separation Agreement Will Prohibit New Viacom and CBS Corp. from Engaging in Certain Types of Businesses

Under the terms of the separation agreement New Viacom will agree that, generally, it will not own or acquire certain interests in specified types of media companies if such ownership would cause CBS Corp. to be in violation of U.S. federal laws limiting the ownership of broadcast licenses or if it would limit CBS Corp.'s ability under these laws to acquire television or radio stations or television networks. Additionally, neither New Viacom nor CBS Corp. may make acquisitions, enter into agreements or accept or agree to any condition that purports to bind the other company or subjects the other company to restrictions it is not otherwise subject to by legal order without the other party's consent. New Viacom and CBS Corp. 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 Corp. and New 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 the companies.

The Tax Matters Agreement and the Tax Rules Applicable to the Separation May Restrict New Viacom and CBS Corp.'s Ability to Engage in Certain Corporate Transactions

In connection with the separation, the companies will enter into a tax matters agreement, to be effective upon the consummation of the separation, which we refer to in this Prospectus-Information Statement as the "tax matters agreement." The tax matters agreement will provide, among other things, that, depending on the event, New Viacom may have to indemnify CBS Corp., or CBS Corp. may have to indemnify New Viacom, for some or all of the taxes resulting from the merger and the distribution of New Viacom 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 New Viacom common stock in the merger would be taxable to Viacom, but not to its stockholders, if either Viacom, CBS Corp. or New Viacom engages in, or enters into an agreement to engage in, a transaction that would result in a 50% or greater change, by vote or value, in Viacom's, CBS Corp.'s or New Viacom's 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 CBS Corp. and New Viacom from entering into transactions which might be advantageous to their respective stockholders, such as issuing equity securities to satisfy financing needs or acquiring businesses or assets with equity securities, and may make New Viacom and CBS Corp. less attractive to a potential acquiror and reduce the possibility that an acquiror will propose or seek to effect certain transactions with New Viacom and CBS Corp.

If the Merger Is Determined to Be Taxable, Viacom and Viacom Stockholders Could Be Subject to a Material Amount of Taxes

It is a condition to the merger that Viacom receive an opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP and/or a private letter ruling from the IRS, in each case, to the effect that, for U.S. federal income tax purposes, the merger and the distribution of New Viacom common stock in the merger will generally qualify as a tax-free distribution under Sections 355 and 368 of the Code and the distribution of CBS Corp. common stock in the merger will also generally be tax-free to Viacom and its stockholders. Viacom received the IRS ruling on November 22, 2005. In accordance with current IRS ruling policy, the IRS ruling does not address certain significant issues relating to qualification under Section 355 of the Code and, as to those issues, Viacom will be relying on an opinion of counsel. The merger has been structured to be tax-free for U.S. federal income tax purposes to Viacom stockholders, except with respect to cash received in lieu of fractional shares of New Viacom common stock and CBS Corp. common stock. The merger will also be tax-free to Viacom for U.S. federal income tax purposes, except with respect to taxes arising out of foreign and other internal restructurings undertaken in connection with the separation and any "excess loss account" or "intercompany transaction" required to be taken into account by Viacom under the Treasury Regulations. The IRS ruling is based on the facts presented and representations made by Viacom in the ruling request. Generally, an IRS private letter ruling will not be revoked or modified retroactively unless there has been an omission or misstatement of a material fact or a breach of a material representation. If the facts or representations are found to be incorrect or incomplete in a material respect or if the facts at the time of the separation are materially different from the facts upon which the IRS ruling is based, Viacom cannot rely on the IRS ruling. An opinion of counsel is not binding on the IRS or any court and is also based on representations and assumptions included therein. If these factual representations and assumptions are incorrect, Viacom cannot rely on the tax opinion.

If Viacom completes the separation and the merger is determined to be taxable, Viacom and its stockholders who receive shares of New Viacom common stock and CBS Corp. common stock would be subject to a material amount of taxes. Neither New Viacom nor CBS Corp. will indemnify any individual stockholder for any taxes that may be incurred in connection with the separation.

In Connection with the Separation, Each Company Will Rely on the Other Company's Performance Under Various Agreements Between the Companies

In connection with the separation, New Viacom and Viacom will enter into various agreements, including the separation agreement, the tax matters agreement, a transition services agreement pursuant to which New Viacom and CBS Corp. will provide certain specified services to each other following the separation and which we refer to in this Prospectus-Information Statement as the "transition services agreement," and certain related party arrangements pursuant to which New Viacom and CBS Corp. will provide services and products to each other from and after the separation. The separation agreement will set forth the allocation of assets, liabilities, rights and obligations of New Viacom and CBS Corp. following the separation, and will include indemnification obligations for such liabilities and obligations. In addition, pursuant to the tax matters agreement, certain income tax liabilities and related responsibilities will be allocated between, and indemnification obligations will be assumed by, each of New Viacom and CBS Corp. 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 New Viacom or CBS Corp. under these agreements are legal or contractual liabilities of the other company. If either company were to breach or be unable to satisfy its material obligations under these agreements, including a failure to satisfy its indemnification obligations, the other party could suffer operational difficulties or significant losses.

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

After the separation, the management and directors of New Viacom and CBS Corp. will own both New Viacom common stock and CBS Corp. common stock, and both New Viacom and CBS Corp. will be controlled by NAI. Mr. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, will serve as chairman of the New Viacom board of directors and chairman of the CBS Corp. board of directors. Ms. Redstone, the president and a director of NAI, will serve as vice chair of the board of directors of both New Viacom and CBS Corp. Messrs. Abrams, Andelman and Dauman are directors of NAI, and following the separation, Mr. Dauman will serve as a director of both New Viacom and CBS Corp., Mr. Abrams will serve as a director of New Viacom and Mr. Andelman will serve as a director of CBS Corp. This ownership overlap and these common directors could create, or appear to create, potential conflicts of interest when New Viacom's and CBS Corp.'s management, directors and controlling stockholder face decisions that could have different implications for New Viacom and CBS Corp. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between New Viacom and CBS Corp. regarding the terms of the agreements governing the separation and the relationship between New Viacom and CBS Corp. thereafter. These agreements include, among others, the separation agreement, the tax matters agreement, the transition services agreement and any commercial agreements between the parties or their affiliates. Potential conflicts of interest could also arise if New Viacom and CBS Corp. 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 New Viacom and CBS Corp.

The New Viacom certificate of incorporation and the CBS Corp. certificate of incorporation will each contain provisions related to corporate opportunities that may be of interest to both New Viacom and CBS Corp. The New Viacom certificate of incorporation will provide that in the event that a director, officer or controlling stockholder of New Viacom who is also a director, officer or controlling stockholder of CBS Corp. acquires knowledge of a potential corporate opportunity for both New Viacom and CBS Corp., such director, officer or controlling stockholder may present such opportunity to New Viacom or CBS Corp. 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 New Viacom and its stockholders. In addition, the New Viacom certificate of incorporation will provide that New Viacom renounces any interest in any such opportunity presented to CBS Corp. The CBS Corp. certificate of incorporation will contain mirror provisions. These provisions create the possibility that a corporate opportunity of one company may be used for the benefit of the other company.

New Viacom and CBS Corp. May Not Enjoy All of the Benefits of Scale that Viacom Achieves with All of Its Businesses Under the Same Corporate Structure

Currently, Viacom's businesses share benefits of scope and scale in costs, human capital, vendor relationships and customer relationships. While New Viacom and CBS Corp. expect to enter into agreements that will govern a number of their commercial and other relationships after the separation, those arrangements will not fully capture the benefits the businesses enjoyed as a result of common ownership prior to the separation. The loss of these benefits as a consequence of the separation could have an adverse effect on each of New Viacom's and CBS Corp.'s businesses, results of operations and financial condition following the separation.

Following the Separation, Each Company Will Have a New Operating Structure and New Management

The separation of New Viacom into its own publicly traded company involves the division of Viacom's businesses. In connection with the separation, many jointly-held assets and operating systems as well as personnel will be allocated between the companies, in particular at Paramount and in Viacom's corporate offices, and new related party agreements will be entered into to govern the ongoing business relationships between the companies following the separation. Each company will have a senior corporate staff that includes 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 either company will be successful under these conditions.

RISK FACTORS RELATING TO NEW VIACOM COMMON STOCK AND CBS CORP. COMMON STOCK AND THE SECURITIES MARKETS

The Combined Market Values of New Viacom Common Stock and CBS Corp. Common Stock that Viacom Stockholders Will Receive in the Merger Might Be Less Than the Market Value of Viacom Common Stock Prior to the Separation

If Viacom completes the separation, holders of Viacom common stock prior to the separation will own a combination of New Viacom common stock and CBS Corp. common stock following the separation. Any number of matters, including the risks described herein, may adversely impact the value of New Viacom common stock and CBS Corp. common stock after the completion of the separation. Some of these matters may or may not have been identified by Viacom prior to the completion of the separation and, in any event, may not be within Viacom's, New Viacom's or CBS Corp.'s control. In the event of any adverse circumstances, facts, changes or effects, the combined market values of New Viacom common stock and CBS Corp. common stock held by stockholders after the separation may be less than the market value of Viacom common stock prior to the separation.

Many Factors May Cause the Stock Prices of New Viacom Common Stock and CBS Corp. Common Stock to Fluctuate Significantly Following the Separation, and You Could Lose All or Part of Your Investment as a Result

The stock prices of New Viacom common stock and CBS Corp. common stock may fluctuate significantly following the separation as a result of many factors. These factors, some or all of which are beyond Viacom's, New Viacom's and CBS Corp.'s control, include:

lack of a trading history;

actual or anticipated fluctuations in New Viacom's and CBS Corp.'s operating results;

changes in expectations as to New Viacom's and CBS Corp.'s future financial performance or changes in financial estimates of securities analysts;

success of New Viacom's and CBS Corp.'s operating and growth strategies;

investor anticipation of strategic, technological or regulatory threats, whether or not warranted by actual events;

operating and stock price performance of other comparable companies; and

realization of any of the risks described in these risk factors.

In addition, the stock market has experienced volatility that often has been unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the trading prices of New Viacom common stock and CBS Corp. common stock, regardless of New Viacom's and CBS Corp.'s actual operating performance.

Trading Activity in Response to Requirements of Stock Indices and Guidelines of Institutional Investors May Cause Market Prices for Shares of New Viacom Common Stock and CBS Corp. Common Stock to Decline Following the Completion of the Separation

A portion of Viacom class A common stock and Viacom class B common stock is held by index funds tied to Standard & Poor's 500 Index or other stock indices. If New Viacom is not included in the Standard & Poor's 500 Index or either New Viacom or CBS Corp. is not included in any other index that currently includes Viacom, these index funds will be required to sell any New Viacom common stock or CBS Corp. common stock they hold, which could adversely affect the price at which such stock trades. Furthermore, New Viacom common stock or CBS Corp. common stock distributed in the merger may not meet the investment guidelines or preferences of certain particular investors. Sales of New Viacom common stock or CBS Corp. common stock by investors who receive shares but do not desire to continue to own them, or the perception that such sales will occur, may cause the price of either class of New Viacom common stock or CBS Corp. common stock to decline.

RISK FACTORS RELATING TO NEW VIACOM'S BUSINESS

New Viacom's Success Is Dependent upon Audience Acceptance of Its 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 and 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 difficult to predict. Audience sizes for New Viacom's cable networks are also factors that are weighed when deciding on the advertising rates and the renegotiation of affiliate rates that New Viacom receives. 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 New Viacom's cable programs and feature films will have an adverse effect on New Viacom's results of operations.

A Decline in Advertising Expenditures Could Cause New Viacom's Revenues and Operating Results to Decline Significantly in Any Given Period or in Specific Markets

New Viacom derives substantial revenues from the sale of advertising on its cable networks. A decline in advertising expenditures could significantly adversely affect New Viacom's 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 New Viacom's 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 that it is shifting 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 New Viacom's revenues and results of operations.

New Viacom's Businesses Operate in Highly Competitive Industries

Participants in the cable and motion pictures 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; local, regional and national newspapers; online activities; video gaming; direct mail; and other communications and advertising media that operate in these markets. In addition, there has been consolidation in the media industry and New Viacom's competitors include market participants with interests in multiple media businesses which are often vertically integrated. New Viacom's ability to compete successfully depends on a number of factors, including its ability to provide high quality and popular cable programs and motion pictures and its ability to achieve high distribution levels. In addition, cable providers and "direct-to-home," or "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 New Viacom for television advertising and subscription revenues. There can be no assurance that New Viacom 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 its business, financial condition or results of operations.

The Loss of Affiliation Agreements Could Cause New Viacom's Revenues to Decline in Any Given Period or in Specific Markets

New Viacom is dependent upon the maintenance of affiliation agreements with cable and DTH satellite operators for the distribution of its cable networks and there can be no assurance that these affiliation agreements will be renewed in the future on terms acceptable to New Viacom. 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 New Viacom's cable networks, which may adversely affect New Viacom's 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 New Viacom's 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 New Viacom will be able to obtain or maintain carriage of its programming services by distributors on commercially reasonable terms, or at all.

Box Office Receipts and the Growth Rate of DVD Sales Have Recently Been Declining, Which May Adversely Affect New Viacom's 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 industrywide decline in box office receipts and in a reduced growth rate of DVD sales, both domestically and internationally. DVD sales are being affected by increased competition for retailer shelf space. New Viacom's ability to sell its DVDs could also be affected by the influence of several large retailers, whose decisions as to placement and removal of New Viacom DVDs could have a significant impact on New Viacom's revenues from sales of DVDs.

A continuing decline in attendance by moviegoers and in DVD sales growth could have a substantial adverse impact on New Viacom's results of operations and growth prospects.

New Viacom's Revenues and Operating Results Are Subject to Cyclical and Seasonal Variations

New Viacom's 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. New Viacom's operating results also fluctuate due to the timing of the recognition of production costs and the possible later recognition of related revenues.

New Viacom's business has experienced and is expected to continue to experience seasonality due to, among other things, seasonal advertising patterns and seasonal influences on people's viewing and listening habits and attendance. Typically, New Viacom's 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.

New Viacom Must Respond to Rapid Changes in Technology, Services and Standards in Order to Remain Competitive

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 New Viacom's 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 New Viacom's offerings to advertisers and could therefore adversely affect its revenues. New Viacom may not have the right, and may not be able to secure the right, to distribute its licensed content across these, or any other, new platforms. The ability to anticipate and adapt to changes in technology on a timely basis and exploit new sources of revenue from these changes will affect New Viacom's ability to continue to grow and increase its revenue.

Increased Programming and Content Costs May Adversely Affect New Viacom's Profits

New Viacom produces programming and incurs costs for all types of creative talent including actors, writers and producers, and for new show concepts. New Viacom also acquires 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 New Viacom's profits. For example, New Viacom, in exchange for cash and advertising time or for promotional consideration only, licenses from record companies music videos for exhibition on its cable channels and other programming or content services. New Viacom has entered into global music video licensing agreements with certain major record companies and into global or regional license agreements with certain independent record companies. New Viacom also licenses various other music rights from record companies, music publishers, performing rights societies and others. There can be no assurance that New Viacom will be able to obtain license renewals or additional license agreements and, if so, on favorable terms. There can also be no assurance that New Viacom will be able to secure the rights to distribute the content it licenses over new platforms on acceptable terms. If New Viacom fails to obtain such extensions, renewals or agreements on acceptable terms and consequently cannot obtain licensing rights for content needed in its operations, its revenue or costs may be adversely affected.

New Viacom's Cable Networks Are Included with CBS Corp.'s Programming Under Certain of Viacom's Affiliation Agreements and New Affiliation Agreements May Be More Difficult to Negotiate Following the Separation

Viacom is party to affiliation agreements with cable and DTH satellite operators pursuant to which both New Viacom's cable networks and CBS Corp.'s television programming are carried by these distributors. After these agreements expire, New Viacom's cable networks will no longer be included with CBS Corp.'s programming. There can therefore be no assurance that New Viacom 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 New Viacom's 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 cable channels during programming designed for children 12 years of age and younger. In November 2004, the FCC issued new rules that would, as of January 1, 2006, 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. If not modified, this rule could have an adverse impact on New Viacom's children-oriented programming, including Nickelodeon and Nick Jr.®, because it would force a reduction of promotional or advertising time during such programming. The new rules would also, as of January 1, 2006, limit the display during children's cable programming of the Internet addresses of websites that contain or link to commercial material, including the websites for New Viacom's cable channels, if commercial material is on those websites. This rule, if not modified, could have an adverse impact on New Viacom's revenues from its websites for children. Viacom and several other companies have asked the FCC to reconsider both rules and have sought a stay of the effective date of the rules during the FCC's reconsideration.

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 New Viacom's U.S. media properties. In particular, some policymakers maintain that cable operators should be required to offer à la carte programming to subscribers on a network-by-network basis or provide "family-friendly" tiers. The unbundling or tiering of program services may reduce distribution of certain channels, thereby leading to reduced viewership and increased marketing expenses, and may affect New Viacom's ability to compete for or attract the same level of advertising dollars. Any decline in subscribers could lead to a loss in New Viacom's advertising sales and affiliate fees and a reduction in payments by cable and DTH satellite operators.

Some policymakers also 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, New Viacom's content could be subject to additional regulation.

Similarly, changes in regulations imposed by governments in other jurisdictions in which New Viacom, or entities in which New Viacom has an interest, operate could adversely affect New Viacom's business, results of operations and ability to expand these operations beyond their current scope.

Piracy of New Viacom's Motion Pictures and Other Content, Including Digital and Internet Piracy, May Decrease Revenue Received from the Exploitation of New Viacom's Cable Television Programs and Films and Adversely Affect Its Business and Profitability

Piracy of motion pictures, television programming, video content and DVDs 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 has an adverse effect on New Viacom's business and profitability because these products reduce the revenue that New Viacom potentially could receive from the legitimate sale and distribution of its 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 New Viacom's Business and Adversely Affect Its Revenues

New Viacom's business depends upon the continued efforts, abilities and expertise of its chief executive officer and other key employees and entertainment personalities. New Viacom believes that the unique combination of skills and experience possessed by its executive officers would be difficult to replace, and that the loss of its executive officers could have a material adverse effect on New Viacom, including the impairment of New Viacom's ability to execute its business strategy. Additionally, New Viacom employs or independently contracts 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 New Viacom or will retain their current audiences. If New Viacom fails to retain these individuals or its entertainment personalities lose their current audiences, New Viacom's revenues could be adversely affected.

New Viacom Could Be Adversely Affected by Strikes and Other Union Activity

New Viacom and its suppliers engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements. If New Viacom or its 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 New Viacom's business by causing delays in the production, the release date or by reducing the profit margins of New Viacom's cable programs or feature films.

Political and Economic Risks Associated with New Viacom's Businesses Could Harm Its Financial Condition

New Viacom's 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. New Viacom may incur substantial expense as a result of the imposition of new restrictions or changes in the existing economic environment in the regions where it does 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 New Viacom's business, financial condition or results of operations.

The Failure or Destruction of Satellites and Facilities that New Viacom Depends Upon to Distribute Its Programming Could Materially Adversely Affect New Viacom's Business and Results of Operations

New Viacom uses satellite systems to transmit its 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, New Viacom 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 New Viacom's business and results of operations.

New Viacom Could Suffer Losses Due to Asset Impairment Charges for Goodwill, Intangible Assets and Programming

In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which we refer to in this Prospectus-Information Statement as "SFAS 142," New Viacom 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 programming for which New Viacom has acquired rights, or in the cable programming and feature films New Viacom produces, could lead to a downward revision in the fair value of such assets. Any such charge could have a material effect on New Viacom's reported net earnings.

Fluctuations in Foreign Exchange Rates Could Have an Adverse Effect on New Viacom's Results of Operations

Certain of New Viacom's 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, New Viacom is exposed to exchange rate fluctuations, which could have an adverse effect on its results of operations.

New Viacom's Liabilities Related to Lease Guarantees and Litigation Could Adversely Impact Its Financial Condition

New Viacom has 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. New Viacom cannot assure you that its 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 New Viacom's financial condition.

NAI, Through Its Voting Control of New Viacom, Will Be in a Position to Control Actions that Require Stockholder Approval

NAI, through its beneficial ownership of New Viacom class A common stock, will have voting control of New Viacom. Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, will serve as chairman of the New Viacom board of directors, and Ms. Shari Redstone, the president and a director of NAI, will serve as vice chair of the New Viacom board of directors. In addition, Messrs. Abrams and Dauman are directors of NAI and they will be directors of New Viacom following the separation. NAI will be 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. You will be unable to affect the outcome of the corporate actions of New Viacom for so long as NAI retains voting control.

RISK FACTORS RELATING TO CBS CORP.'S BUSINESS

A Decline in Advertising Expenditures Could Cause CBS Corp.'s Revenues and Operating Results to Decline Significantly in Any Given Period or in Specific Markets

CBS Corp. derives substantial revenues from the sale of advertising on its networks, television stations, radio stations, outdoor media and syndicated programming. A decline in the economic prospects of advertisers, the economy in general or the economy of any individual geographic market, particularly a major market such as Los Angeles, New York or Chicago, in which CBS Corp. owns and

operates sizeable businesses, 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 uninterrupted news coverage and economic uncertainty. Advertising expenditures may also be affected by increasing competition for the leisure time of audiences. In addition, advertising expenditures by companies in certain sectors of the economy, including the automotive, financial and pharmaceutical segments, represent a significant portion of CBS Corp.'s advertising revenues. Any political, economic, social or technological change resulting in a reduction in these sectors' advertising expenditures may adversely affect CBS Corp.'s revenue. Advertisers' willingness to purchase advertising from CBS Corp. may also be affected by a decline in audience ratings for CBS Corp.'s programming, the inability of CBS Corp. to retain the rights to popular programming, increasing audience fragmentation caused by the proliferation of new media formats, including cable networks, the Internet and video-on-demand and the deployment of portable digital devices allowing consumers to time shift programming and skip or fast forward through advertisements. CBS Corp.'s revenues from outdoor advertising also depends on CBS Corp.'s continued ability to obtain the right to use effective outdoor advertising space. Any reduction in advertising expenditures could have an adverse effect on CBS Corp.'s revenues and results of operations.

CBS Corp.'s Success Is Dependent upon Audience Acceptance of Its Television and Radio Programs, Which Is Difficult to Predict

Television and radio content production and distribution are inherently risky businesses because the revenues derived from the production and distribution of a television or radio program, and the licensing of rights to the intellectual property associated with the program, depend primarily upon their acceptance by the public, which is difficult to predict. The commercial success of a television or radio program also depends upon the quality and acceptance of other competing programs 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, all of which are difficult to predict. Rating points are also factors that are weighed when deciding on the advertising rates that CBS Corp. receives. Poor ratings can lead to a reduction in pricing and advertising spending. In addition, the success of Showtime Networks is dependent in part on audience acceptance of its programming. Consequently, low public acceptance of CBS Corp.'s television and radio programs will have an adverse effect on CBS Corp.'s results of operations.

Failure by CBS Corp. to Create and Retain the Rights in Popular Programming Could Adversely Affect CBS Corp.'s Revenues

Operating results from CBS Corp.'s production businesses fluctuate primarily with the acceptance of such productions by the public, which is difficult to predict. CBS Corp.'s revenue from its television and radio production business is therefore partially dependent on CBS Corp.'s continued ability to anticipate and adapt to changes in consumer tastes and behavior on a timely basis. Moreover, CBS Corp. derives a meaningful portion of its revenues from the exploitation of its extensive library of television programming. Generally, a television series must have a network run of at least three or four years to be successfully sold in domestic syndication. If the content of its television programming library ceases to be widely accepted by audiences or is not continuously replenished with popular content, CBS Corp.'s revenues could be adversely affected.

CBS Corp. obtains a significant portion of its popular programming from third parties. For example, some of CBS Network's most widely viewed broadcasts, including the NCAA Division 1 Men's Basketball Championship, golf's Masters Tournament and PGA Championship, and NFL games, are made available based upon programming rights of varying duration that CBS Corp. has negotiated with third parties. In addition, Showtime Networks enters into commitments to acquire rights to feature films and other programming for Showtime, The Movie Channel and FLIX® from motion picture

producers and other suppliers for varying durations, and Infinity Broadcasting acquires the broadcast rights to syndicated shows and to various programs, such as sports events from third parties. Competition for popular programming that is licensed from third parties is intense, and CBS Corp. may be outbid by its competitors for the rights to new, popular programming or in connection with the renewal of popular programming currently licensed by CBS Corp. CBS Corp.'s failure to obtain or retain rights to popular content could adversely affect CBS Corp.'s revenues.

Any Decrease in Popularity of the Programming for Which CBS Corp. Has Incurred Significant Commitments Could Have an Adverse Effect on Its Profitability

As of December 31, 2004, CBS Corp. had commitments of \$10.9 billion for the acquisition of sports programming rights, \$3.1 billion relating to television and radio production and acquisitions and \$821 million for talent contracts, with \$4.2 billion of these amounts payable in and after 2010. Any shortfall, now or in the future, in the expected popularity of the sports events for which CBS Corp. has acquired rights, or in the television and radio programming CBS Corp. expects to air, could lead to decreased profitability or losses for a significant period of time.

CBS Corp.'s Operating Results Are Subject to Seasonal Variations

CBS Corp.'s business has experienced and is expected to continue to experience seasonality due to, among other things, seasonal advertising patterns, seasonal theme park attendance and seasonal influences on people's viewing, reading and listening habits. Typically, CBS Corp.'s revenue from advertising increases in the fourth quarter, Simon & Schuster generates a substantial portion of its revenues in the fourth quarter and Paramount Parks' revenues from admissions are primarily generated in the second and third quarters. In addition, advertising revenues in even-numbered years benefit from advertising placed by candidates for political offices. The effect of such seasonality makes it difficult to estimate future operating results based on the previous results of any specific quarter.

CBS Corp.'s Businesses Operate in Highly Competitive Industries

CBS Corp. competes with other media companies for high quality content and attractive outdoor advertising space to achieve large audiences and to generate advertising revenue. CBS Corp.'s ability to attract viewers and advertisers depends on its ability to provide popular television, syndicated programming and radio programming and books, as well as well-placed outdoor advertising faces. In addition, the consolidation of advertising agencies, distributors and television service providers has made competition for viewers and advertising revenue and distribution outlets more intense. Competition for viewers and advertising comes from: other broadcast television stations and networks; cable television systems and networks; the Internet; terrestrial and satellite radio; outdoor advertisers; local, regional and national newspapers; direct mail; and other communications and advertising media that operate in these markets. Other television and radio stations may change their formats or programming, a new station may adopt a format to compete directly with CBS Corp.'s stations, or stations might engage in aggressive promotional campaigns. In addition, consolidation among book retailers has resulted in increased competition for limited shelf space for CBS Corp.'s publications.

This competition could result in lower ratings and advertising revenue or increased promotional and other expenses and, consequently, lower earnings and cash flow for CBS Corp. CBS Corp. cannot assure you that it 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 its business, financial condition or results of operations.

CBS Corp. Must Respond to Rapid Changes in Technology, Services and Standards in Order to Remain Competitive

Technology in the video, telecommunications, radio and data services used in the entertainment industry is changing rapidly. Advances in technologies or alternative methods of product delivery or 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 CBS Corp.'s businesses. Examples of such advances in technologies include video-on-demand, satellite radio, new video formats and downloading from the Internet. For example, devices that allow users to view or listen to television or radio programs on a time-delayed basis and technologies which enable users to fast-forward or skip advertisements, such as DVRs and portable digital devices, may cause changes in consumer behavior that could affect the attractiveness of CBS Corp.'s offerings to advertisers and could therefore adversely affect its revenues. In addition, further increases in the use of portable digital devices which allow users to view or listen to content of their own choosing, in their own time, while avoiding traditional commercial advertisements, could adversely affect CBS Corp.'s radio and television broadcasting advertising revenues. Cable providers and DTH satellite operators are developing 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 CBS Corp. for television advertising and subscription revenues. The ability to anticipate and adapt to changes in technology on a timely basis and exploit new sources of revenue from these changes will affect CBS Corp.'s ability to continue to grow and increase its revenue.

Increased Programming and Content Costs May Adversely Affect CBS Corp.'s Profits

CBS Corp. produces and acquires programming and content and incurs costs for all types of creative talent, including actors, authors, writers and producers. An increase in the costs of such programming and content or in the costs for creative talent may lead to decreased profitability.

Piracy of CBS Corp.'s Programming and Other Content, Including Digital and Internet Piracy, May Decrease Revenue Received from the Exploitation of CBS Corp.'s Programming and Other Content and Adversely Affect Its Businesses and Profitability

Piracy of programming is prevalent in many parts of the world and is made easier by technological advances allowing conversion of programming and other content into digital formats, which facilitates the creation, transmission and sharing of high quality unauthorized copies of CBS Corp.'s content. The proliferation of unauthorized copies and piracy of these products has an adverse effect on CBS Corp.'s businesses and profitability because these products reduce the revenue that CBS Corp. potentially could receive from the legitimate sale and distribution of its products. In addition, if piracy were to increase, it would have an adverse effect on CBS Corp.'s businesses and profitability.

Changes in U.S. Communications Laws or Other Regulations May Have an Adverse Effect on CBS Corp.'s Business

The television and radio broadcasting 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.

The television and radio broadcasting industry is subject to extensive regulation by the FCC under the Communications Act of 1934, as amended, which we refer to in this Prospectus-Information Statement as the "Communications Act." CBS Corp. is required to obtain licenses from the FCC to operate its radio and television stations. CBS Corp. cannot assure you that the FCC will approve its

future renewal applications or that the renewals will be for full terms or will not include conditions or qualifications. The non-renewal, or renewal with substantial conditions or modifications, of one or more of CBS Corp.'s licenses could have a material adverse effect on CBS Corp.'s revenues.

CBS Corp. must also comply with extensive FCC regulations and policies in the ownership and operation of its television and radio stations and its television networks. FCC regulations prohibit the ownership of more than one of the top four networks and limit the number of television and radio stations that a licensee can own in a market and the number of television stations that can be owned nationwide, which could restrict CBS Corp.'s ability to consummate future transactions and in certain circumstances could require it to divest some television or radio stations.

The FCC requires television stations to broadcast three hours per week of educational and informational programming designed for children 16 years of age and younger. In November 2004, the FCC issued a new rule that would have the effect of limiting the number of times that CBS Corp.'s television stations could preempt educational or informational children's programming due to scheduling conflicts with sports and other live event programming. Viacom and several other companies have asked the FCC to reconsider this rule. If the rule remains in effect, it may require CBS Corp. to make significant changes in its Saturday morning program schedule because, for example, live sports events that begin at noon Eastern time would preempt any children's programming scheduled for broadcast at or after 9:00 a.m. Pacific time.

As part of the nationwide transition from analog to digital broadcasting, CBS Corp.'s full power television stations are required to transmit a digital signal 100% of the time they are transmitting an analog signal. This requirement increases CBS Corp.'s operating costs. At the end of the analog-to-digital period, these television stations will be required to cease analog transmissions. CBS Corp. is unable to predict the extent to which consumers will acquire digital conversion devices for analog television receivers and the effect of the cessation of analog broadcasting on viewership. In addition, CBS Corp. is unable to predict the extent or timing of consumer demand for digital television services and the resulting impact on CBS Corp.'s viewership.

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 operation and ownership of CBS Corp.'s radio and television properties. For example, from time to time, proposals have been advanced in the U.S. Congress and at the FCC to require radio and television broadcast stations to provide advertising time to political candidates for free or at a reduced charge. In addition, some policymakers maintain that cable operators should be required to offer à la carte programming to subscribers on a network by network basis. Unbundling packages of program services may increase both competition for carriage on distribution platforms and marketing expenses, which could adversely affect Showtime Networks' results of operations.

Changes to the media ownership and other FCC rules may affect the competitive landscape in ways that could increase the competition faced by CBS Corp. CBS Corp. is unable to predict the effect that any such laws, regulations or policies may have on its operations.

Vigorous Enforcement or Enhancement of FCC and Other Indecency Rules Against the Broadcast and Cable Industry Could Have an Adverse Effect on CBS Corp.'s Businesses and Results of Operations

The FCC's rules prohibit the broadcast of obscene material at any time and indecent or profane material on television or radio broadcast stations between the hours of 6 a.m. and 10 p.m. Broadcasters risk violating the prohibition against broadcasting indecent material because of the vagueness of the FCC's definition of indecent material, coupled with the spontaneity of live programming.

The FCC vigorously enforces its indecency rules against the broadcasting industry as a whole. The FCC has indicated that it is stepping up its enforcement activities as they apply to indecency, and has threatened to initiate license revocation proceedings against broadcast licensees for "serious" indecency violations. The FCC has found on a number of occasions recently, chiefly with regard to radio stations, that the content of broadcasts has contained indecent material. In such instances, the FCC issued fines to the offending licensees. Moreover, the FCC has recently begun imposing separate fines for each allegedly indecent "utterance," in contrast with its previous policy, which generally considered all indecent words or phrases within a given program as constituting a single violation.

In addition, legislation has been introduced in the U.S. Congress which would, among other things, (i) significantly increase the fines for indecent broadcasts, (ii) specify that all indecency violations are "serious" violations for license renewal purposes and (iii) mandate an evidentiary hearing to consider the revocation of a station's license or construction permit of any station that has had three indecency violations during its license term. If the FCC denied a license renewal for one of CBS Corp.'s broadcast radio or television stations, CBS Corp. would lose its authority to operate the station.

The determination of whether content is indecent is inherently subjective and, as such, it can be difficult to predict whether particular content could violate indecency standards. The difficulty in predicting whether individual programs, words or phrases may violate the FCC's indecency rules adds significant uncertainty to CBS Corp.'s ability to comply with the rules. Violation of the indecency rules could lead to sanctions which may adversely affect CBS Corp.'s businesses and results of operations.

Some policymakers also support the extension of indecency rules applicable to over-the-air broadcasters to cover cable and satellite programming and/or attempts to step up enforcement of or otherwise expand existing laws and rules. If such an extension or attempt to step up enforcement took place and was not found to be unconstitutional, some of CBS Corp.'s cable content could be subject to additional regulation and might not be able to attract the same subscription and viewership levels.

The Loss of Affiliation Agreements or Retransmission Agreements Could Materially Adversely Affect CBS Corp.'s Results of Operations

CBS Network and UPN provide their affiliates with up to 98 and 10 hours, respectively, of Monday through Friday programming per week. In return, CBS Network's affiliated stations and UPN's affiliated stations broadcast network-inserted commercials during that programming. Loss of network affiliation agreements of CBS Network and UPN could adversely affect CBS Corp.'s results of operations by reducing the reach of CBS Corp.'s programming and therefore its attractiveness to advertisers and renewal on less favorable terms may also adversely affect CBS Corp.'s results of operations.

The non-renewal or termination of retransmission agreements with distributors such as Comcast Corporation, Time Warner Cable, a division of Time Warner Inc., DIRECTV Holdings LLC, or EchoStar Communications Corporation, which we refer to in this Prospectus-Information Statement as "EchoStar," or continued distribution on less favorable terms, could also adversely affect CBS Corp.'s ability to distribute its network programming to a nationwide audience and affect CBS Corp.'s ability to sell advertising, which could have a material adverse effect on CBS Corp.'s results of operations.

Showtime Networks is dependent upon the maintenance of affiliation agreements with cable and DTH satellite operators, and there can be no assurance that these affiliation agreements will be renewed in the future on terms acceptable to Showtime Networks. The loss of one or more of these arrangements would reduce the distribution of Showtime Networks' premium subscription television program services and reduce revenues from subscriber fees. Further, the loss of favorable packaging, positioning, pricing or other marketing opportunities with any distributor could reduce revenues from subscriber fees.

In addition, consolidation among cable and DTH satellite operators and increased vertical integration of such distributors into the cable or broadcast network business has provided more leverage to these providers and could adversely affect CBS Corp.'s ability to maintain or obtain distribution for its network programming or distribution and/or marketing for its premium subscription program services on commercially reasonable terms, or at all.

The Failure or Destruction of Satellites and Transmitter Facilities That CBS Corp. Depends Upon to Distribute Its Programming Could Materially Adversely Affect CBS Corp.'s Businesses and Results of Operations

CBS Corp. uses satellite systems to transmit its broadcast and cable networks to affiliates. 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, CBS Corp. 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 CBS Corp.'s business and results of operations.

In addition, each of CBS Corp.'s television and radio stations uses studio and transmitter facilities that are subject to damage or destruction. Failure to restore such facilities in a timely manner could have a material adverse effect on CBS Corp.'s businesses and results of operations.

CBS Corp. Could Suffer Losses Due to Asset Impairment Charges for Goodwill, Intangible Assets, FCC Licenses and Programming

In accordance with SFAS 142, CBS Corp. will test goodwill and intangible assets, including broadcast licenses, 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 programming for which CBS Corp. has acquired rights could lead to a downward revision in the fair value of such assets. Any such charge could have a material effect on CBS Corp.'s reported net earnings.

The Loss of Key Personnel, Including Talent, Could Disrupt the Management or Operations of CBS Corp.'s Business and Adversely Affect Its Revenues

CBS Corp.'s business depends upon the continued efforts, abilities and expertise of its chief executive officer and other key employees and entertainment personalities. CBS Corp. believes that the unique combination of skills and experience possessed by its executive officers would be difficult to replace, and that the loss of its executive officers could have a material adverse effect on CBS Corp., including the impairment of CBS Corp.'s ability to execute its business strategy. Additionally, CBS Corp. employs or independently contracts with several entertainment personalities and authors with significant loyal audiences. Entertainment personalities are sometimes significantly responsible for the ranking of a television or radio station and, therefore, the ability of the station to sell advertising, and an author's popularity can be significantly responsible for the success of a particular book. There can be no assurance that these entertainment personalities and authors will remain with CBS Corp. or will retain their current audiences or readership. If CBS Corp. fails to retain these entertainment personalities and authors or they lose their current audiences or readership, CBS Corp.'s revenues could be adversely affected.

Regulation of the Outdoor Advertising Industry Could Materially Adversely Affect CBS Corp.'s Outdoor Business

The outdoor advertising industry is subject to extensive governmental regulation at the federal, state and local levels in the United States and to national, regional and local restrictions in foreign countries. These regulations can affect the operation of advertising displays and include restrictions on the construction, repair, upgrading, height, size and location of outdoor advertising structures and, in some instances, content of advertising copy being displayed on these structures. In addition, in recent years, outdoor advertising has become the subject of targeted state and municipal taxes. Such laws may reduce CBS Corp.'s expansion opportunities or may increase competitive pressure from others. CBS Corp. cannot give any assurance that existing or future laws or regulations will not materially and adversely affect its outdoor business.

If Accidents Occur at Paramount Parks or Competing Parks, Attendance at Paramount Parks May Decline Which Would Negatively Impact CBS Corp.'s Revenues

There are inherent risks involved with the attractions at theme parks. An accident or an injury at any of Paramount Parks' theme parks could expose CBS Corp. to significant liability for personal injury claims. In addition, an accident or injury at these parks or at parks operated by competitors of Paramount Parks may create public concern and negative media coverage about the safety of theme parks and reduce attendance at Paramount Parks' theme parks, which would negatively impact CBS Corp.'s revenues.

Fluctuations in Foreign Exchange Rates Could Have an Adverse Effect on CBS Corp.'s Results of Operations

Certain of CBS Corp.'s 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, CBS Corp. is exposed to exchange rate fluctuations, which could have an adverse effect on its results of operations.

CBS Corp.'s Liabilities Related to Discontinued Operations and Former Businesses Could Adversely Impact Its Financial Condition

CBS Corp. has both recognized and potential liabilities and costs related to discontinued operations and former businesses, certain of which are unrelated to the media business, including leases, guarantees, environmental liabilities, liabilities related to the pensions and medical expenses of retirees, asbestos liabilities, contractual disputes and other pending and threatened litigation. CBS Corp. cannot assure you that its 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 assurances that these liabilities will not have a material adverse effect on CBS Corp.'s financial position, operating performance or cash flow.

CBS Corp. Could Be Adversely Affected by Strikes and Other Union Activity

CBS Corp. and its suppliers engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements. If CBS Corp. or its 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 CBS Corp.'s television and radio businesses by causing delays in the production of CBS Corp.'s television or radio programming or CBS Corp.'s outdoor business by disrupting its ability to place advertising on outdoor faces.

Political and Economic Risks Associated with CBS Corp.'s International Businesses Could Harm CBS Corp.'s Financial Condition or Results of Operations

CBS Corp.'s 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. CBS Corp. may incur substantial expense as a result of the imposition of new restrictions or changes in the existing economic environment in the regions where it does business. In addition, acts of terrorism or other hostilities, or other future financial, political, economic or other uncertainties, could lead to a reduction in advertising expenditures, which could materially adversely affect CBS Corp.'s business, financial condition or results of operations.

NAI, Through Its Voting Control of CBS Corp., Will Be in a Position to Control Actions that Require Stockholder Approval

NAI, through its beneficial ownership of CBS Corp. class A common stock, will have voting control of CBS Corp. Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, will serve as chairman of the CBS Corp. board of directors, and Ms. Shari Redstone, the president and a director of NAI, will serve as vice chair of the CBS Corp. board of directors. In addition, Messrs. Andelman and Dauman are directors of NAI and they will be directors of CBS Corp. following the separation. NAI will be 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. You will be unable to affect the outcome of the corporate actions of CBS Corp. for so long as NAI retains voting control.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Prospectus-Information Statement and the documents incorporated by reference into this Prospectus-Information Statement contain both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, which we refer to in this Prospectus-Information Statement as the "Securities Act," and Section 21E of the Exchange Act. These forward-looking statements are not based on historical facts, but rather reflect Viacom's, New Viacom's and CBS Corp.'s current expectations concerning future results and events. These forward-looking statements generally can be identified by the use of statements that include words such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will" or other similar words or phrases. Similarly, statements that describe Viacom's, New Viacom's and CBS Corp.'s objectives, plans or goals are or may be forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause Viacom's, New Viacom's and CBS Corp.'s actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements. More information about risks, uncertainties and other factors is included in Viacom's filings with the SEC including, but not limited to, Viacom's Form 10-K for the year ended December 31, 2004. There may be additional risks, uncertainties and factors that Viacom, New Viacom and CBS Corp. do not currently view as material or that are not necessarily known. Viacom, New Viacom and CBS Corp. cannot make any assurance that projected results or events will be achieved. The forward-looking statements included or incorporated by reference in this Prospectus-Information Statement are only made as of the date of this Prospectus-Information Statement or the respective incorporated document, and Viacom, New Viacom and CBS Corp. do not have any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances. The risk factors in the section entitled "Risk Factors" beginning on page 25, among others, could affect future results, causing these results to differ materially from those expressed in Viacom's, New Viacom's and CBS Corp.'s forward-looking statements.

THE SEPARATION

The discussion in this Prospectus-Information Statement of the merger, the separation and the principal terms of the merger agreement and the separation agreement is subject, and qualified in its entirety by reference, to the merger agreement and the separation agreement. A copy of the merger agreement is attached as Annex A to this Prospectus-Information Statement and is incorporated herein by reference. A form of the separation agreement is attached as Annex B to this Prospectus-Information Statement and is incorporated herein by reference. For a discussion of the principal terms of the separation agreement, see the section entitled "Arrangements Between New Viacom and CBS Corp. After the Separation Material Agreements Relating to the Separation Separation Agreement" beginning on page 232.

BACKGROUND OF AND REASONS FOR THE SEPARATION

On March 16, 2005, Viacom announced that the Viacom board of directors authorized management to explore the possible division of its businesses into separate publicly traded companies as a means to achieve important corporate objectives and to better deliver value to Viacom's stockholders in a tax-efficient manner.

On June 14, 2005, the Viacom board of directors unanimously approved the separation of Viacom into two publicly traded companies consisting of the businesses of New Viacom and CBS Corp., subject to market conditions and the approval by the Viacom board of directors of the material terms of the separation and certain other matters. The Viacom board of directors determined that each Viacom stockholder would receive a pro rata equity interest in New Viacom and CBS Corp. based on such stockholder's equity interest in Viacom immediately prior to the date of the separation. The Viacom board of directors also established the Viacom separation committee, consisting of Mr. Redstone, as chair, Ms. Redstone, as vice chair, Mr. Dauman and Mr. Salerno, to meet regularly to assist with and oversee the separation process. Each member of the Viacom separation committee, other than Mr. Redstone, is being compensated for serving as a member of the committee in the amount of \$30,000, payable upon the consummation or abandonment of the separation.

The Viacom board of directors and the Viacom separation committee each met to discuss the separation on numerous occasions since the announcement on March 16, 2005, both with and without members of Viacom's senior management. In these meetings, the Viacom board of directors and the Viacom separation committee considered, among other things, the capital allocation strategies and dividend policies for the two companies, the allocation of Viacom's existing assets, liabilities and businesses between the two companies, the terms of certain commercial relationships that will exist following the separation between the two companies, the corporate governance arrangements that will be in place at each company following the separation, including the corporate opportunity provisions in each company's certificate of incorporation, and the appropriate members of senior management at each company following the separation.

On November 21, 2005, the Viacom board of directors determined that the merger and the separation are in the best interests of Viacom's stockholders and, accordingly, approved the merger agreement and the separation. On the same day, Viacom, New Viacom and Merger Sub executed the merger agreement and NAIRI, a wholly owned subsidiary of Viacom's controlling stockholder, NAI, executed a written consent adopting the merger agreement.

The following discussion of the information and factors that the Viacom board of directors considered in approving the separation is not intended to be exhaustive. In view of the wide variety of factors considered in connection with the evaluation of the separation and the complexity of these matters, the Viacom board of directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, the individual members of the Viacom board of directors may have given different weight to different factors.

The separation will result in more focused companies better able to respond quickly and successfully to changes in their respective industries.

Viacom's businesses are expected to face many new challenges and opportunities. The businesses of New Viacom and CBS Corp. will be more focused as separate companies, which will allow each company to be better able to make necessary changes to its businesses to better respond as the industries in which they operate continue to change.

The separation will create equity securities with a market price that is expected to more closely reflect the efforts of each company's management and therefore will better align management with stockholder interests.

The market price of New Viacom common stock and CBS Corp. common stock is expected to more closely reflect the efforts of management at each company than the market price of Viacom common stock currently does. For example, senior managers of New Viacom or CBS Corp. can expect their performance to be reflected more directly in the market price of New Viacom common stock or CBS Corp. common stock than in the market price of the combined, larger company. As a result, we believe that equity incentives, such as stock options and RSUs, will better align the interests of management with the interests of stockholders and improve each company's performance.

The separation will provide investors two largely pure-play investment options that may be more attractive than one combined company.

Separating New Viacom into its own publicly traded company will provide investors with the opportunity to invest in the New Viacom businesses and the CBS Corp. businesses individually, rather than as a single unit. The Viacom board of directors believes that investments in New Viacom, a largely pure-play content company, and CBS Corp., a largely pure-play mass-media company, may be more attractive to certain kinds of investors and that the separation will therefore increase the demand for each company's shares. For example, New Viacom may be more attractive to investors who wish to invest in the potential of the pure content business and who believe that New Viacom offers more share price appreciation potential due to its ability to employ its anticipated cash flows to reinvest in its businesses and engage in complementary acquisitions, and CBS Corp. may be more attractive to investors who wish to invest in the potential of the mass-media business and who are interested in receiving a dividend that represents a higher payout ratio than Viacom's current dividend. CBS Corp. currently anticipates paying a regular cash dividend to its stockholders that initially will be no less than the aggregate annual payment of approximately \$450 million under Viacom's existing dividend program.

After the separation, New Viacom will have the opportunity to finance acquisitions with its own equity.

The growth opportunities available to New Viacom are expected to result in a higher market price as measured by price-to-earnings ratios or a higher value of New Viacom's capitalization in relation to operating income before depreciation and amortization. This will provide New Viacom with the ability to finance acquisitions with equity in a manner that preserves capital with significantly less dilution of its stockholders' interests.

Tax considerations

The Viacom board of directors also considered its expectation that the merger and the distribution of New Viacom common stock and CBS Corp. common stock in the merger generally would not be taxable for U.S. federal income tax purposes to Viacom, other than with respect to taxes arising out of foreign and other internal restructurings undertaken in connection with the separation and any "excess loss account" or "intercompany transaction" required to be taken into account under the Treasury Regulations relating to consolidated returns or to holders of Viacom common stock, except with respect to any cash received in lieu of fractional shares. Furthermore, the Viacom board of directors also considered that both New Viacom's and CBS Corp.'s ability to engage in significant issuances of equity securities or change of control transactions could be limited or restricted after the separation to

preserve the tax-free nature of the separation. See the risk factor captioned "The Tax Matters Agreement and the Tax Rules Applicable to the Separation May Restrict New Viacom and CBS Corp.'s Ability to Engage in Certain Corporate Transactions" beginning on page 26 and the section entitled " Certain U.S. Federal Income Tax Consequences" beginning on page 48.

RECOMMENDATION OF THE VIACOM BOARD OF DIRECTORS

Based primarily upon the factors described in the section entitled " Background of and Reasons for the Separation" beginning on page 45, on November 21, 2005, the Viacom board of directors determined that the merger and the separation are in the best interests of Viacom's stockholders and, accordingly, approved the merger agreement and the separation and recommended that holders of Viacom class A common stock adopt the merger agreement. The Viacom board of directors also resolved to submit the merger agreement for consideration by NAIRI, a wholly owned subsidiary of Viacom's controlling stockholder, NAI, pursuant to a written consent, and on November 21, 2005, NAIRI executed a written consent adopting the merger agreement. Accordingly, no further stockholder approval or action is required.

MATTERS RELATED TO THE ADOPTION OF THE MERGER AGREEMENT

Under Delaware law, the holders of a majority of the outstanding shares of Viacom class A common stock must adopt the merger agreement. Delaware law and Viacom's amended and restated certificate of incorporation, which we refer to in this Prospectus-Information Statement as the "Viacom certificate of incorporation," permit stockholders of Viacom to take action by written consent instead of holding a stockholders' meeting. Any such action must be approved by the holders of at least the minimum number of votes which would be necessary to authorize the action at a meeting. The Viacom board of directors resolved to submit the merger agreement for consideration by NAIRI, a wholly owned subsidiary of Viacom's controlling stockholder, NAI, pursuant to a written consent, and on November 21, 2005, NAIRI executed a written consent adopting the merger agreement. Accordingly, no further stockholder approval or action is required.

U.S. federal securities laws provide that the merger cannot become effective until at least 20 business days after Viacom furnishes this Prospectus-Information Statement to its stockholders. Viacom anticipates that the merger will become effective on December 31, 2005, but because consummation of the merger is subject to certain conditions, the merger may occur on a subsequent date, or not at all. In addition, under Delaware law, Viacom must provide prompt notice to Viacom's stockholders of record of the adoption of the merger agreement pursuant to the written consent of NAIRI. Viacom has prepared this Prospectus-Information Statement to provide that notice.

NO DISSENTERS' RIGHTS

Under the Delaware General Corporation Law, which we refer to in this Prospectus-Information Statement as the "DGCL," Viacom stockholders will not have dissenters' rights in connection with the merger.

ACCOUNTING TREATMENT

The separation will be accounted for by Viacom (to be renamed CBS Corporation) as a spin-off of New Viacom. Following the separation, New Viacom will be accounted for as a discontinued operation by CBS Corp. The measurement date for discontinued operations for accounting purposes will be the date of the separation. After the spin-off, the assets and liabilities of New Viacom will be accounted for at the historical book values carried by Viacom prior to the spin-off. No gain or loss will be recognized as a result of the separation. Total costs related to the spin-off will be recognized as incurred by Viacom and allocated between New Viacom and CBS Corp. in accordance with the terms of the separation agreement.

REGULATORY APPROVAL

Apart from the registration under U.S. federal securities laws of shares of each class of New Viacom common stock and CBS Corp. common stock to be distributed in the separation, Viacom does not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the separation. Viacom must obtain the FCC's consent prior to the completion of certain interim transactions that involve the transfer of licenses issued by the FCC or subsidiaries that hold FCC licenses and the separation of New Viacom from CBS Corp. The FCC has expedited approval processes for corporate restructurings, such as the separation, that do not result in any change in the ultimate control of the company. Viacom does not believe that the FCC consent process will delay the separation.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion describes the material U.S. federal income tax consequences of the merger and the distribution of New Viacom common stock and CBS Corp. common stock in the merger. This discussion is based on the Code, the Treasury Regulations promulgated thereunder, judicial opinions, published positions of the IRS, and all other applicable authorities as of the date of this Prospectus-Information Statement, all of which are subject to change, possibly with retroactive effects.

The following discussion applies only to a holder of Viacom common stock who holds those shares as capital assets within the meaning of the Code (generally, for investment purposes) and is for U.S. federal income tax purposes (1) a citizen or resident of the United States, (2) a corporation or other entity taxable as a corporation organized under the laws of the United States or any political subdivision thereof (including the states and the District of Columbia), (3) a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust, or the trust has made a valid election under the applicable Treasury Regulations to be treated as a U.S. person or (4) an estate that is subject to U.S. federal income tax regardless of its source. This discussion does not address all aspects of taxation that may be relevant to particular stockholders in light of their personal investment or tax circumstances or to persons that are subject to special tax rules. In addition, this discussion does not address the tax treatment of special classes of stockholders, such as banks, insurance companies, tax-exempt entities, financial institutions, broker-dealers, persons holding shares of Viacom common stock as part of a hedging or conversion transaction or as part of a "straddle," U.S. expatriates, persons subject to the alternative minimum tax, persons who have a functional currency other than the U.S. dollar, investors in pass-through entities and holders to whom this discussion is not addressed. This discussion does not address all issues that may be applicable to holders who acquired shares of Viacom common stock pursuant to the exercise of stock options or warrants or otherwise as compensation. Furthermore, this discussion does not address any state, local or foreign tax considerations. We urge you to consult your own tax advisor as to the specific tax consequences of the separation, including the applicable federal, state, local and foreign tax consequences to you of the separation.

It is a condition to the merger that Viacom receive an opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP and/or a private letter ruling from the IRS, in each case, to the effect that, for U.S. federal income tax purposes, the merger and the distribution of New Viacom common stock in the merger will generally qualify as a tax-free distribution under Sections 355 and 368 of the Code and the distribution of CBS Corp. common stock in the merger will also generally be tax-free to Viacom and its stockholders and that such opinion and/or private letter ruling also contain any other assurances as to tax matters relating to the separation that the Viacom board of directors deems appropriate. Viacom received the IRS ruling on November 22, 2005. It addresses certain issues relevant to the qualification of the distribution of New Viacom common stock and CBS Corp. common stock in the merger as a tax-free distribution under Sections 355 and 368 of the Code, except with respect to any "excess loss account" or "intercompany transaction" required to be taken into account by Viacom under the

Treasury Regulations relating to consolidated returns. This discussion assumes that the opinion from Paul, Weiss, Rifkind, Wharton & Garrison LLP referred to above is issued and that the IRS ruling is not modified or revoked in any material respect.

Principal U.S. Federal Income Tax Consequences to Viacom

Based on the IRS ruling and the opinion that Viacom will receive from Paul, Weiss, Rifkind, Wharton & Garrison LLP, for U.S. federal income tax purposes, the merger and the distribution of New Viacom common stock in the merger will generally qualify as a tax-free distribution under Sections 355 and 368 of the Code and the distribution of CBS Corp. common stock in the merger will also generally be tax-free to Viacom. Based on the foregoing, for U.S. federal income tax purposes, no gain or loss will be recognized by, and no amount will be includible in the income of, Viacom as a result of the merger and the distribution of New Viacom common stock and CBS Corp. common stock in the merger, other than taxes arising out of foreign and other internal restructurings undertaken in connection with the separation and with respect to any "excess loss account" or "intercompany transaction" required to be taken into account by Viacom under the Treasury Regulations relating to consolidated returns.

Principal U.S. Federal Income Tax Consequences to Stockholders of Viacom

Based on the IRS ruling and the opinion that Viacom will receive from Paul, Weiss, Rifkind, Wharton & Garrison LLP, for U.S. federal income tax purposes:

no gain or loss will be recognized by, and no amount will be includible in the income of, a holder of Viacom common stock solely as a result of the receipt of New Viacom common stock and CBS Corp. common stock in exchange therefor in the merger, except with respect to cash in lieu of fractional shares;

the holding period for the New Viacom common stock and CBS Corp. common stock received in the merger will include the period during which the Viacom common stock with respect to which such stock was received was held; and

the aggregate basis of the New Viacom common stock and CBS Corp. common stock in the hands of each Viacom stockholder after the merger will, in each instance, be the same as the aggregate basis of the Viacom common stock held by such stockholder immediately before the merger (reduced by the basis allocable to fractional shares), allocated in proportion to the fair market value of each.

Principal U.S. Federal Income Tax Consequences to Viacom and Stockholders of Viacom If the Merger and the Distribution of New Viacom Common Stock and CBS Corp. Common Stock Were Taxable

The IRS ruling is based on the facts presented and representations made by Viacom in the ruling request. Generally, an IRS private letter ruling will not be revoked or modified retroactively unless there has been an omission or misstatement of a material fact or a breach of a material representation. Viacom believes that it presented all relevant material facts and representations and ensured that those facts and representations are correct and complete in all material respects. If, however, those facts or representations are found to be incorrect or incomplete in a material respect or if the facts at the time of the separation are materially different from the facts upon which the IRS private letter ruling was based, Viacom could not rely on the IRS ruling and the merger might not qualify as a tax-free distribution under Sections 355 and 368 of the Code. In addition, in accordance with current IRS ruling policy, the IRS ruling does not address certain significant issues relating to qualification under Section 355 of the Code and, as to those issues, Viacom will be relying on an opinion of counsel.

An opinion of counsel represents counsel's best legal judgment and is not binding on the IRS or any court. An opinion of counsel is also based on the representations and assumptions included therein.

If the IRS subsequently determined the merger and the distribution of New Viacom common stock and CBS Corp. common stock to be taxable, the above consequences would not apply and both Viacom and holders of Viacom common stock would be subject to tax. Additionally, future events that may or may not be within the control of New Viacom or CBS Corp., including extraordinary purchases by third parties of New Viacom common stock or CBS Corp. common stock, could cause the merger and the distribution of New Viacom common stock in the merger not to qualify as tax-free to Viacom and/or holders of Viacom common stock. For example, if one or more persons were to acquire a 50% or greater interest in New Viacom common stock or CBS Corp. common stock as part of a plan or a series of related transactions of which the merger is a part, the merger and the distribution of New Viacom common stock in the merger would be taxable to CBS Corp., although not necessarily to Viacom's stockholders. Pursuant to the tax matters agreement, depending on the event, New Viacom may have to indemnify CBS Corp., or CBS Corp. may have to indemnify New Viacom, for some or all of the taxes resulting from the merger and the distribution of New Viacom common stock in the merger if the merger and distribution do not qualify as tax-free under Sections 355 and 368 of the Code. See the section entitled "Arrangements Between New Viacom and CBS Corp. After the Separation Material Agreements Relating to the Separation Tax Matters Agreement" beginning on page 235. If the merger and the distribution of New Viacom common stock in the merger were taxable, then:

each holder of Viacom common stock who receives shares of New Viacom common stock and CBS Corp. common stock in the merger would be treated as if the stockholder received a taxable distribution equal to the fair market value of the shares of New Viacom common stock received, taxed as a dividend to the extent of the stockholder's pro rata share of Viacom's current and accumulated earnings and profits (including earnings and profits arising from the gain to Viacom described in the following bullet point) and then treated as a non-taxable return of capital to the extent of the holder's basis in the Viacom common stock and thereafter as capital gain from the sale or exchange of Viacom common stock; and

the consolidated group of which CBS Corp. will be the common parent would recognize a gain equal to the excess of the fair market value of the stock of New Viacom on the date of the separation over Viacom's tax basis therein.

Under current law, individual citizens or residents of the United States are subject to U.S. federal income tax on dividends at a maximum rate of 15% (assuming holding period and other requirements are met) and long-term capital gains (i.e., capital gains on assets held for more than one year) at a maximum rate of 15%.

Cash in Lieu of Fractional Shares

Holders of Viacom common stock will receive cash in lieu of fractional shares of New Viacom common stock and CBS Corp. common stock in the merger. Holders who receive cash in lieu of a fractional share of New Viacom common stock and CBS Corp. common stock will recognize capital gain or loss measured by the difference between the cash received in lieu of such fractional share and the holder's tax basis in the fractional share. Any such capital gain or loss will be treated as a long-term or short-term gain or loss based on the holder's holding period for the Viacom common stock.

Backup Withholding and Information Reporting

Payments of cash to holders of Viacom common stock in lieu of fractional shares may be subject to information reporting and "backup withholding" at a rate of 28%, unless a stockholder provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding does not constitute an additional tax, but merely an advance payment, which may be refunded or credited against a stockholder's U.S. federal income tax liability, provided that the required information is timely supplied to the IRS.

Information Reporting

Current Treasury Regulations require each Viacom stockholder who receives New Viacom common stock pursuant to the merger to attach to his or her U.S. federal income tax return for the year in which the merger occurs a detailed statement setting forth such data as may be appropriate in order to show the applicability of Section 355 of the Code. CBS Corp. will provide the information necessary to comply with this requirement.

We urge you to consult your own tax advisor as to the specific tax consequences of the separation, including the applicable federal, state, local and foreign tax consequences to you of the separation.

U.S. FEDERAL SECURITIES LAW CONSEQUENCES

The following New Viacom securities have been registered under the Securities Act:

Class A common stock, par value \$0.001 per share; and

Class B common stock, par value \$0.001 per share.

The following CBS Corp. securities have been registered under the Securities Act:

Class A common stock, par value \$0.001 per share; and

Class B common stock, par value \$0.001 per share.

Upon issuance, shares of New Viacom common stock and CBS Corp. common stock may be traded freely and without restriction, except that holders of shares of New Viacom common stock and CBS Corp. common stock who are deemed to be "affiliates" (as such term is defined under the Securities Act) of Viacom may resell their shares of New Viacom common stock and CBS Corp. common stock only in transactions permitted by the resale provisions of Rule 145 under the Securities Act (or Rule 144 under the Securities Act, in the case of such persons who were not previously affiliates of Viacom but who become affiliates of New Viacom or CBS Corp., as applicable) or as otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of New Viacom, CBS Corp. and Viacom, as applicable, are generally defined as individuals or entities that control, are controlled by, or are under common control with, New Viacom, CBS Corp. and Viacom, as applicable, and may include certain executive officers and directors of New Viacom, CBS Corp. and Viacom, as applicable.

NON-U.S. SECURITIES LAW DISCLOSURE

No prospectus or offering document to comply with the securities laws of any country other than the United States has been prepared in connection with the separation or with respect to New Viacom common stock or CBS Corp. common stock. The distribution of this Prospectus-Information Statement and the distribution or sale of New Viacom common stock or CBS Corp. common stock in jurisdictions outside the United States may be restricted by law, and persons into whose possession this Prospectus-Information Statement comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of holders of shares of Viacom common stock outside the United States to satisfy themselves as to the full observance of all legal requirements applicable to them in the relevant jurisdiction in relation to the holding of shares of Viacom common stock, the merger, the separation or the holding of shares of New Viacom common stock or CBS Corp. common stock. Holders of shares of Viacom common stock outside the United States who are in any doubt as to their legal position should seek their own advice as to the consequences to them of the separation under the laws of the relevant jurisdiction.

NEW YORK STOCK EXCHANGE LISTING

Viacom class A common stock and Viacom class B common stock, which currently trade on the New York Stock Exchange under the symbols "VIA" and "VIA.B," respectively, will cease trading on the New York Stock Exchange as of the date the separation is consummated, at which time each class

of New Viacom common stock and CBS Corp. common stock will begin trading on the New York Stock Exchange. Viacom has reserved the symbols "VIA" and "VIA.B" for New Viacom class A common stock and New Viacom class B common stock, respectively, and the symbols "CBS.A" and "CBS" for CBS Corp. class A common stock and CBS Corp. class B common stock, respectively. Each of New Viacom and CBS Corp. believes that it will satisfy all of the applicable listing standards relating to its common stock.

WHEN-ISSUED TRADING

Between the date that the shares of New Viacom common stock and CBS Corp. common stock are registered with the SEC under the Exchange Act, which we refer to in this Prospectus-Information Statement as the "Exchange Act registration statement effective date," and the effective date of the separation, a when-issued trading market in New Viacom common stock and CBS Corp. common stock may develop. "When-issued" trading refers to conditional purchase or sale transactions with respect to a security that has been authorized but is not yet issued and available. The when-issued trading market would be a market that develops prior to the separation for the shares of New Viacom common stock and CBS Corp. common stock that will be distributed in the merger. If you own shares of Viacom class A common stock or Viacom class B common stock on the Exchange Act registration statement effective date (and do not sell those shares on or before the effective date of the separation), you will be entitled to receive a number of shares of the same class of New Viacom common stock and CBS Corp. common stock based upon the number of shares of such class of Viacom common stock you owned at that time. You may trade this entitlement to receive shares of New Viacom common stock and CBS Corp. common stock on the when-issued trading market. We expect when-issued trades of New Viacom common stock and CBS Corp. common stock to settle within four trading days after the effective date of the separation. On the first trading day following the effective date of the separation, any when-issued trading with respect to New Viacom common stock and CBS Corp. common stock will end and regular way trading will begin. If when-issued trading occurs, the listing of each class of New Viacom common stock and CBS Corp. common stock is expected to be under trading symbols different from the regular way trading symbols. Following the effective date of the separation, shares of New Viacom common stock and CBS Corp. common stock will be listed for trading on the New York Stock Exchange. If the separation does not occur, all when-issued trading will be null and void.

On November 21, 2005, Viacom's \$8 billion stock purchase program was modified to authorize Viacom to purchase New Viacom common stock and CBS Corp. common stock in the when-issued market.

MERGER AGREEMENT

The following description of the principal provisions of the merger agreement among Viacom, New Viacom and Merger Sub is qualified by reference to the text of the merger agreement, a copy of which is attached as Annex A and is incorporated into this Prospectus-Information Statement by reference. You are encouraged to read the merger agreement in its entirety for a more complete description of the terms and conditions of the merger.

General Structure; Effective Date; Closing of the Merger

Upon the terms and subject to the conditions of the merger agreement, the separation of New Viacom into its own publicly traded company will be effected through the merger of Merger Sub with and into Viacom, with Viacom continuing as the surviving entity. Upon the consummation of the merger, Viacom will be renamed "CBS Corporation." The merger will become effective on the date and at the time that a certificate of merger is filed with the Delaware Secretary of State in accordance with the applicable provisions of the DGCL or at such later time as is specified in the certificate of merger. In the merger, holders of Viacom common stock will receive the consideration described below under the caption entitled "Conversion of Viacom Securities." The effective date will occur after the last of the conditions described below under the caption entitled "Conditions to the Merger" has been satisfied or waived by Viacom in its sole discretion. Viacom currently expects that the merger will become effective on December 31, 2005, but because the consummation of the merger is subject to certain conditions, the merger may occur on a subsequent date, or not at all.

Conversion of Viacom Securities

On the effective date, each outstanding share of Viacom class A common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock, and each outstanding share of Viacom class B common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock. Holders of Viacom common stock will receive cash in lieu of fractional shares of New Viacom common stock and CBS Corp. common stock. After the effective date, each share of Viacom class A common stock or Viacom class B common stock will represent only the right to receive shares of New Viacom class A common stock and CBS Corp. class A common stock or New Viacom class B common stock and CBS Corp. class B common stock, as the case may be, and cash in lieu of fractional shares.

Cancellation of Shares

Each share of Viacom class A common stock or Viacom class B common stock held by Viacom as treasury stock or by any of its wholly owned subsidiaries immediately before the effective date, each share of common stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the effective date and each share of common stock, par value \$0.001 per share, of New Viacom issued and outstanding immediately prior to the effective date will be automatically canceled in the merger, and Viacom will not exchange those shares for any shares of New Viacom common stock or CBS Corp. common stock.

Treatment of Outstanding Viacom Equity Compensation Awards

Options to purchase shares of Viacom class B common stock will be converted in a manner designed to preserve their intrinsic value. RSUs will be converted in a manner designed to preserve their value. The adjustments of outstanding options to purchase shares of Viacom class B common stock and RSUs of Viacom class B common stock will be effected in a manner intended to comply with the requirements of Section 424 of the Code and Section 409A of the Code.

Current Employees and Directors. On the effective date, all outstanding unexercised options to purchase shares of Viacom class B common stock and all outstanding unsettled RSUs of Viacom class B common stock held by an individual who is a current employee or director of Viacom immediately prior to the effective date will convert into options to purchase shares of class B common stock and RSUs of class B common stock, respectively, of the company to which the individual will provide services immediately following the effective date. Adjustments will be made to the number of options and the option exercise prices, and the number of RSUs, based on the relative "fair values," determined pursuant to accounting principles generally accepted in the United States, of the Viacom class B common stock immediately prior to the effective time and the New Viacom class B common stock or CBS Corp. class B common stock, as the case may be, immediately following the effective time.

Former Employees and Directors. On the effective date, all outstanding unexercised options to purchase shares of Viacom class B common stock and all outstanding unsettled RSUs of Viacom class B common stock held by an individual who is a former employee or director of Viacom immediately prior to the effective date will convert into options to purchase shares of CBS Corp. class B common stock and RSUs of CBS Corp. class B common stock, respectively. Adjustments will be made to the number of options and the option exercise prices, and the number of RSUs, based on the relative "fair values," determined pursuant to accounting principles generally accepted in the United States, of the Viacom class B common stock immediately prior to the effective time and the CBS Corp. class B common stock immediately following the effective time.

Overlapping Employees and Directors. Notwithstanding the foregoing, in the case of any current employees or directors of Viacom immediately prior to the effective date who will provide services to

both New Viacom and CBS Corp. immediately following the effective date, all outstanding unexercised options to purchase shares of Viacom class B common stock will convert into options to purchase shares of New Viacom class B common stock and options to purchase shares of CBS Corp. class B common stock. All outstanding unsettled RSUs of Viacom class B common stock will convert into RSUs to purchase shares of New Viacom class B common stock and RSUs to purchase shares of CBS Corp. class B common stock. Adjustments will be made to the number of options and the number of RSUs based on the ratio of the "fair value" of the Viacom class B common stock immediately prior to the effective time to the sum of the "fair values," determined pursuant to accounting principles generally accepted in the United States, of the New Viacom class B common stock and the CBS Corp. class B common stock immediately following the effective time. The option exercise prices will be adjusted as described above for current employees and directors.

General. Except as otherwise described above, following the effective date, the options to purchase shares of New Viacom class B common stock or CBS Corp. class B common stock and the RSUs of New Viacom class B common stock or CBS Corp. class B common stock will have the same terms and conditions, including the same vesting provisions and exercise periods, as the options to purchase shares of Viacom class B common stock and the RSUs of Viacom class B common stock had immediately prior to the effective date. The options to purchase shares of CBS Corp. class B common stock and the RSUs of CBS Corp. class B common stock will remain outstanding under and continue to be governed by the equity compensation plan and option and RSU agreements pursuant to which the corresponding option to purchase shares of Viacom class B common stock and the RSUs of Viacom class B common stock were granted. The options to purchase shares of New Viacom class B common stock and the RSUs of New Viacom class B common stock will be substitute options and RSUs under new equity compensation plans to be adopted by New Viacom prior to the effective date but the terms of such options and RSUs will continue to be as set forth in the plans and option and RSU agreements under which they were originally issued.

Following the effective date, each employee or director deferral or other phantom unit that references Viacom class B common stock that is attributable to former CBS Corporation plans (except 401(k) plans or plans that mirror investments in 401(k) plans) and was deferred or earned prior to the effective date will be deemed to reference CBS Corp. class B common stock. Following the effective date, each employee or director deferral or other phantom unit that references a share of Viacom class A common stock or Viacom class B common stock that is attributable to a Viacom plan and was deferred or earned prior to the effective date will be deemed to reference 0.5 shares of New Viacom class A common stock or New Viacom class B common stock, as applicable, and 0.5 shares of CBS Corp. class A common stock or CBS Corp. class B common stock, as applicable.

Procedures for Exchange of Certificates; Direct Registration; Fractional Shares

To effect the exchange of shares, as soon as reasonably practicable after the effective date, Wachovia Bank, N.A., the exchange agent for Viacom and New Viacom in connection with the separation, which we refer to in this Prospectus-Information Statement as the "exchange agent," will mail a letter of transmittal to each registered holder that holds physical certificates representing Viacom common stock as of the effective date. The letter of transmittal will contain instructions with respect to the surrender of certificates previously representing shares of Viacom common stock to be exchanged for shares of New Viacom common stock and CBS Corp. common stock and cash in lieu of fractional shares. Viacom stockholders who surrender their Viacom common stock certificates, together with a properly completed letter of transmittal and any other required documents, will receive book-entry credit representing the number of whole shares of New Viacom common stock and CBS Corp. common stock into which their shares of Viacom class A common stock and Viacom class B common stock have been converted in the merger. The surrendered certificates representing shares of Viacom common stock will be canceled. Registered holders that hold shares of Viacom common stock in book-entry form will not be required to return a letter of transmittal to the exchange agent to effect

the exchange of such shares. Following the effective date, shares of Viacom common stock held in book-entry form will be exchanged automatically for book-entry credit of shares of New Viacom common stock and CBS Corp. common stock and cash in lieu of fractional shares. Following the effective date, Viacom common stock will no longer be transferable or tradeable.

HOLDERS OF VIACOM COMMON STOCK SHOULD NOT FORWARD STOCK CERTIFICATES TO THE EXCHANGE AGENT UNTIL THEY HAVE RECEIVED A LETTER OF TRANSMITTAL.

Following the effective date, physical certificates representing shares of New Viacom common stock and CBS Corp. common stock to which you are entitled will not be issued or mailed to you. Instead, shares of New Viacom common stock and CBS Corp. common stock will be issued electronically (in book-entry form) by way of direct registration. Direct registration eliminates the physical handling and safekeeping responsibilities inherent in owning physical stock certificates and the need to return a duly executed stock certificate to effect a transfer. If you hold certificates representing shares of Viacom common stock, the exchange agent will cause whole shares of New Viacom common stock and CBS Corp. common stock to be credited to book-entry accounts established on your behalf by the transfer agent upon your surrender of such certificates of Viacom common stock to the exchange agent, together with a properly completed letter of transmittal and any other required documents. If you hold shares of Viacom common stock in book-entry form, the exchange agent will cause whole shares of New Viacom common stock and CBS Corp. common stock to be credited automatically to book-entry accounts established on your behalf by the transfer agent following the effective date. Promptly following the crediting of shares to your respective book-entry accounts, you will receive a statement from the transfer agent evidencing your holdings, as well as general information about the direct registration form of ownership. The Bank of New York will act as the registrar and transfer agent for New Viacom and CBS Corp. after the separation.

Shares of New Viacom common stock and CBS Corp. common stock may be credited to an account in a name other than the name in which the surrendered certificate of Viacom common stock is registered if the certificate surrendered is properly endorsed and accompanied by all documents required to transfer the shares to the new holder.

Neither New Viacom nor CBS Corp. will issue fractional shares in the merger. Instead, the exchange agent, acting as agent for the Viacom stockholders entitled to receive cash in lieu of fractional shares of New Viacom common stock and CBS Corp. common stock, will aggregate all fractional shares and cause them to be sold in the open market for the accounts of these stockholders. The proceeds that the exchange agent may realize from the sale of the fractional shares of New Viacom common stock and CBS Corp. common stock will be distributed, net of commissions and any applicable tax, to each stockholder entitled thereto in accordance with the stockholder's fractional interest. None of Viacom, New Viacom, CBS Corp. or the exchange agent will guarantee any minimum proceeds from the sale of fractional shares of New Viacom common stock and CBS Corp. common stock. **You will not receive any interest on any cash paid to you, even if there is a delay in making the payment.** Generally speaking, a stockholder who receives cash in lieu of fractional shares of New Viacom common stock and CBS Corp. common stock will recognize a gain or a loss on the receipt of the cash to the extent that the cash received exceeds the tax basis that would have been allocated to that stockholder's fractional shares. You are urged to carefully read the discussion in the section entitled " Certain U.S. Federal Income Tax Consequences" beginning on page 48, and to consult your tax advisor on the consequences to you of the separation.

Holders of Viacom common stock will not be entitled to receive any dividends or other distributions in respect of New Viacom common stock or CBS Corp. common stock prior to the effective date. After the effective date, holders of Viacom common stock who have surrendered their shares will be entitled to accrued dividends and other distributions declared or made on New Viacom common stock or CBS Corp. common stock with a record date after the effective date. No such dividends or other distributions on New Viacom common stock or CBS Corp. common stock will be

paid to the holders of Viacom common stock until they surrender their certificates for shares of Viacom common stock to the exchange agent. Subject to escheat, tax and other applicable laws, at the time of surrender, the holders of New Viacom common stock and CBS Corp. common stock will be paid the amount of any accrued dividends or other distributions that have been paid since the effective date. After the effective date, if certificates for shares of Viacom common stock are presented to New Viacom, CBS Corp. or the exchange agent for any reason, those certificates will be canceled and exchanged for book-entry credit for shares of New Viacom common stock and CBS Corp. common stock and cash in lieu of any fractional share entitlement as described above.

With respect to any Viacom common stock that you own by virtue of your participation in the Viacom 401(k) Plan, which we refer to in this Prospectus-Information Statement as the "Viacom 401(k) plan," the trustee for the Viacom 401(k) plan, Mellon Bank, N.A., will effect the exchange of such shares of Viacom common stock with the exchange agent and you will receive a statement from Mellon Bank evidencing the allocation of the proper amount of New Viacom common stock and CBS Corp. common stock to your accounts.

Lost, Stolen or Destroyed Certificates

If your certificate or certificates representing shares of Viacom class A common stock or Viacom class B common stock has or have been mutilated, destroyed, lost or stolen, you will need to complete an affidavit of loss, as described in the letter of transmittal, and pay a surety bond for your lost or destroyed shares of Viacom common stock. Upon receipt of the completed affidavit of loss and the surety bond payment, the exchange agent will issue distribution instructions to the transfer agent who will then credit to your book-entry account the shares of New Viacom common stock and CBS Corp. common stock to which you are entitled pursuant to the merger agreement.

Conditions to the Merger

The merger will be completed only if the following conditions are satisfied or, for certain conditions, waived in the sole discretion of Viacom:

the Registration Statement of which this Prospectus-Information Statement forms a part registering the shares of New Viacom common stock and CBS Corp. common stock to be issued in the merger has been declared effective by the SEC and there is no stop-order in effect with respect to the Registration Statement and no proceedings for that purpose have been initiated by the SEC;

no governmental authority or court prohibits the merger or makes the merger illegal;

the shares of New Viacom common stock and CBS Corp. common stock to be issued to Viacom stockholders in the merger have been authorized for listing by the New York Stock Exchange, subject to official notice of issuance;

any necessary actions and filings with regard to federal and state securities laws have been taken and, where applicable, have become effective or been accepted;

the separation agreement, tax matters agreement, transition services agreement and certain other agreements between the companies have been executed and delivered by the parties thereto;

Viacom has received the consent of the FCC to the transfer of control of New Viacom or any subsidiary of New Viacom that holds any FCC licenses; and

Viacom has received an opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP and/or a private letter ruling from the IRS, in each case, to the effect that, for U.S. federal income tax purposes, the merger and the distribution of New Viacom common stock in the merger will generally qualify as a tax-free distribution under Sections 355 and 368 of the Code and the distribution of CBS Corp. common stock in the merger will also generally be tax-free to Viacom and its stockholders and that such opinion and/or private letter ruling contain any other assurances as to tax matters relating to the separation that the Viacom board of directors deems

Edgar Filing: VIACOM INC - Form S-4/A

appropriate. On November 22, 2005, Viacom received the IRS ruling. In accordance with current IRS ruling policy, the IRS ruling does not address certain significant issues relating to qualification under Section 355 of the Code and, as to those issues, Viacom will be relying on an opinion of counsel.

Termination, Amendment and Waiver

The merger agreement may be terminated and the merger and the separation may be abandoned at any time prior to the effective date by Viacom in its sole discretion, whether before or after the adoption of the merger agreement by NAIRI, a wholly owned subsidiary of NAI.

Viacom, New Viacom and Merger Sub may amend the merger agreement by action taken or authorized by their respective boards of directors at any time prior to the effective date, either before or after adoption of the merger agreement by NAIRI, a wholly owned subsidiary of NAI, except that after such adoption, no amendment that by law requires further approval by the stockholders of Viacom may be made without such further approval. At any time prior to the effective date, any of Viacom, New Viacom or Merger Sub, by action taken or authorized by such party's board of directors, may extend the time specified in the merger agreement for the performance of any of the obligations of any other party or waive compliance by any other party with any of the agreements or covenants of such other party contained in the merger agreement.

INTERESTS OF CERTAIN PERSONS IN THE SEPARATION

You should be aware that, as described below, the directors and executive officers of Viacom may have interests in the separation that are different from, or in addition to, your interests, and that may create potential conflicts of interest. The Viacom board of directors was aware of these interests and considered them, among other matters, in approving the separation.

Equity Ownership

Viacom's directors and executive officers have equity interests in Viacom, including holdings of Viacom common stock, stock options, RSUs and/or phantom units that reference Viacom common stock. In connection with the separation, these directors and executive officers will receive the following in respect of the equity interests in Viacom that they currently have:

in respect of common stock holdings, these persons will receive the same treatment as Viacom stockholders and therefore own shares of New Viacom class A common stock and/or New Viacom class B common stock and shares of CBS Corp. class A common stock and/or CBS Corp. class B common stock,

in respect of stock options, (i) options to purchase shares of New Viacom class B common stock (in the case of directors or executive officers of Viacom who will be directors or executive officers of New Viacom but not CBS Corp. immediately following the separation); (ii) options to purchase shares of CBS Corp. class B common stock (in the case of directors or executive officers of Viacom who will be directors or executive officers of CBS Corp. but not New Viacom immediately following the separation); or (iii) options to purchase shares of New Viacom class B common stock and options to purchase shares of CBS Corp. class B common stock (in the case of directors or executive officers of Viacom who will be directors or executive officers of both New Viacom and CBS Corp. immediately following the separation),

in respect of RSUs, (i) RSUs of New Viacom class B common stock (in the case of directors or executive officers of Viacom who will be directors or executive officers of New Viacom but not CBS Corp. immediately following the separation); (ii) RSUs of CBS Corp. class B common stock (in the case of directors or executive officers of Viacom who will be directors or executive officers of CBS Corp. but not New Viacom immediately following the separation); or (iii) RSUs of New Viacom class B common stock and RSUs of CBS Corp. class B common stock (in the

Edgar Filing: VIACOM INC - Form S-4/A

case of directors or executive officers of Viacom who will be directors or executive officers of both New Viacom and CBS Corp. immediately following the separation), and/or

(i) in respect of phantom units of Viacom class A common stock and Viacom class B common stock attributable to Viacom plans, phantom units of New Viacom class A common stock and New Viacom class B common stock and phantom units of CBS Corp. class A common stock and CBS

Corp. class B common stock in the same manner as will be received by Viacom stockholders; and/or (ii) in respect of phantom units of Viacom class B common stock attributable to former CBS Corporation plans (except 401(k) plans and plans that mirror investments in 401(k) plans), phantom units of CBS Corp. class B common stock.

See the sections entitled " Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards," " Security Ownership of Certain Beneficial Owners and Management of Viacom," "Description of New Viacom After the Separation Security Ownership of Certain Beneficial Owners and Management of New Viacom" and "Description of CBS Corp. After the Separation Security Ownership of Certain Beneficial Owners and Management of CBS Corp." beginning on pages 53, 59, 146 and 212, respectively.

Relationship of Certain Directors and Executive Officers

Mr. Sumner M. Redstone serves as chairman of the board of directors and chief executive officer of Viacom, and Ms. Shari Redstone serves as non-executive vice chairman of the Viacom board of directors. As of August 31, 2005, NAI beneficially owned shares of Viacom common stock representing approximately 71% of the voting power of all classes of Viacom common stock. Mr. Redstone is the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, the controlling stockholder of Viacom, and Ms. Redstone is the president and a director of NAI. In addition, Messrs. Abrams, Andelman and Dauman, who are currently directors of Viacom, are directors of NAI. Following the consummation of the separation, Mr. Redstone will serve as chairman of the New Viacom board of directors and chairman of the CBS Corp. board of directors. Ms. Redstone will serve as non-executive vice chair of the board of directors of both New Viacom and CBS Corp. and Mr. Dauman will serve on the board of directors of both New Viacom and CBS Corp. Mr. Abrams will serve on the New Viacom board of directors and not on the CBS Corp. board of directors following the separation, and Mr. Andelman will serve on the CBS Corp. board of directors and not on the New Viacom board of directors following the separation. In addition, Messrs. Greenberg, Phillips, Salerno and Schwartz, who currently serve as directors of Viacom, will serve on the New Viacom board of directors and not on the CBS Corp. board of directors following the separation; and Messrs. Califano, Cohen and Walter, who currently serve as directors of Viacom, will serve on the CBS Corp. board of directors and not on the New Viacom board of directors following the separation. Mr. Greenberg is the chairman of the executive committee and a member of the board of directors of Bear Stearns. Bear Stearns is acting as one of Viacom's financial advisors in connection with the separation and may receive a fee for its services not in excess of customary amounts. Following the separation, Mr. Thomas E. Freston, who is currently the co-president and co-chief operating officer of Viacom, will be the president and chief executive officer and a director of New Viacom, but will not be an officer or director of CBS Corp., and Mr. Leslie Moonves, who is currently the co-president and co-chief operating officer of Viacom, will be the president and chief executive officer and a director of CBS Corp., but will not be an officer or director of New Viacom.

Compensation of Members of the Viacom Separation Committee

On June 14, 2005, the Viacom board of directors established the Viacom separation committee, consisting of Mr. Redstone, as chair, Ms. Redstone, as vice chair, Mr. Dauman and Mr. Salerno, to meet regularly to assist with and oversee the separation process. The members of the Viacom separation committee, other than Mr. Redstone, are being compensated for serving as members of the committee in the amount of \$30,000, payable upon the consummation or abandonment of the separation. This fee was authorized by the Viacom board of directors in order to compensate the members of the Viacom separation committee for the significant additional time commitment that is required of them in connection with fulfilling their duties and responsibilities as members of the Viacom separation committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF VIACOM

The table below sets forth, as of August 31, 2005, except as otherwise noted, certain information concerning the beneficial ownership of shares of Viacom class A common stock and Viacom class B common stock by: (i) each director of Viacom; (ii) each named executive officer of Viacom as of December 31, 2004; (iii) the current directors and executive officers of Viacom as a group; and (iv) persons who, to Viacom's knowledge, are holders of 5% or more of shares of Viacom class A common stock. Each person has sole voting and investment power over the shares, unless otherwise noted. The table below does not reflect ownership of stock options or RSUs if such stock options or RSUs do not become exercisable or vest within 60 days from August 31, 2005.

As of August 31, 2005, there were 131,486,804 shares of Viacom class A common stock outstanding and 1,441,666,509 shares of Viacom class B common stock outstanding.

Beneficial Ownership of Equity Securities

Name	Title of Equity Security	Number of Equity Shares	Option Shares(1)	Percentage of Class(1)
George S. Abrams	Viacom class A common stock	19,452(2)		*
	Viacom class B common stock	46,015(2)(3)	25,333	*
David R. Andelman	Viacom class A common stock	4,268(2)		*
	Viacom class B common stock	4,300(2)	20,333	*
Richard J. Bressler(11)	Viacom class A common stock			*
	Viacom class B common stock	230(4)	2,200,000	*
Joseph A. Califano, Jr.	Viacom class A common stock	2,892(2)		*
	Viacom class B common stock	8,796(2)(5)	11,333	*
William S. Cohen	Viacom class A common stock	2,406(2)		*
	Viacom class B common stock	2,429(2)	11,333	*
Philippe P. Dauman	Viacom class A common stock			*
	Viacom class B common stock	5,000	23,333	*
Thomas E. Freston	Viacom class A common stock	74(4)		*
	Viacom class B common stock	841(4)(5)	4,572,000	*
Michael D. Fricklas	Viacom class A common stock	46(4)		*
	Viacom class B common stock	1,456(4)	770,000	*
Alan C. Greenberg	Viacom class A common stock			*
	Viacom class B common stock	22,643	11,333	*
Leslie Moonves	Viacom class A common stock			*
	Viacom class B common stock	41,686(4)(5)	6,198,609	*
Charles E. Phillips, Jr.	Viacom class A common stock	1,116(2)		*
	Viacom class B common stock	1,128(2)	10,000	*
Shari Redstone	Viacom class A common stock	231(2)(6)		*
	Viacom class B common stock	3,233(2)(3)(6)		*
Sumner M. Redstone(12)	Viacom class A common stock	93,658,908(7)		71.2%
	Viacom class B common stock	89,209,527(7)	12,196,000	6.2%
Frederic V. Salerno	Viacom class A common stock	14,771(2)		*
	Viacom class B common stock	24,821(2)	16,333	*
William Schwartz	Viacom class A common stock	21,200(2)		*
	Viacom class B common stock	30,521(2)	19,333	*
Robert D. Walter	Viacom class A common stock	5,583(2)		*
	Viacom class B common stock	84,578(2)(8)	34,323	*

Edgar Filing: VIACOM INC - Form S-4/A

NAIRI, Inc.(13)	Viacom class A common stock	93,658,828(9)	71.2%
NAI(13)	Viacom class B common stock	89,198,982(9)	6.2%
Mario J. Gabelli(14)	Viacom class A common stock	9,443,647(10)	7.2%
Gabelli Asset Management Inc.(14)			
Current directors and executive officers of Viacom as a group, other than Mr. Sumner M. Redstone (19 persons)			
	Viacom class A common stock	72,793(2)(4)(6)	*
	Viacom class B common stock	282,519(2 6)(8)	12,689,248
			*

*

Represents less than 1% of the outstanding common stock of the class.

- (1) These shares are excluded from the column headed "Number of Equity Shares" and from the calculation of "Percentage of Class."
- (2) Includes the following Viacom class A common stock units and Viacom class B common stock units credited pursuant to Viacom's deferred compensation plan for outside directors: Abrams, 19,452 shares of Viacom class A common stock and 19,815 shares of Viacom class B common stock; Andelman, 4,268 shares of Viacom class A common stock and 4,300 shares of Viacom class B common stock; Califano, 2,892 shares of Viacom class A common stock and 2,916 shares of Viacom class B common stock; Cohen, 2,406 shares of Viacom class A common stock and 2,429 shares of Viacom class B common stock; Phillips, 1,116 shares of Viacom class A common stock and 1,128 shares of Viacom class B common stock; Ms. Redstone, 231 shares of Viacom class A common stock and 233 shares of Viacom class B common stock; Salerno, 14,771 shares of Viacom class A common stock and 14,821 shares of Viacom class B common stock; Schwartz, 21,200 shares of Viacom class A common stock and 21,521 shares of Viacom class B common stock; and Walter, 5,583 shares of Viacom class A common stock and 5,623 shares of Viacom class B common stock. Pursuant to this plan, the common stock units are payable in cash following termination of service as a director.
- (3) Includes (a) for Mr. Abrams, 200 shares of Viacom class B common stock held in a family trust for which he is co-trustee and as to which he disclaims beneficial ownership; and (b) for Ms. Redstone, 3,000 shares of Viacom class B common stock held in trusts for the benefit of Ms. Redstone's children for which she is a co-trustee.
- (4) Includes shares held through the Viacom 401(k) plan.
- (5) The following shares which are included in the security ownership table for the indicated director or officer are owned by family members: Califano, 1,855 shares of Viacom class B common stock, as to which he disclaims beneficial ownership; Freston, 65 shares of Viacom class B common stock, as to which he disclaims beneficial ownership; and Moonves, 588 shares of Viacom class B common stock and options for 1,487 shares of Viacom class B common stock, as to which he disclaims beneficial ownership.
- (6) Ms. Redstone is a stockholder of NAI and has a significant indirect beneficial interest in the shares of Viacom common stock owned by NAI.
- (7) Except for 80 shares of Viacom class A common stock and 10,080 shares of Viacom class B common stock owned directly by Mr. Redstone, 265 shares of Viacom class B common stock held by Mr. Redstone through the Viacom 401(k) plan, and 200 shares of Viacom class B common stock held by Mr. Redstone's wife, all shares are owned beneficially by NAI.
- (8) Includes the following securities equivalent to Viacom class B common stock credited pursuant to the former CBS Corporation's deferred compensation plan and advisory director's plan: Walter, 113 Viacom class B common stock equivalents and 3,278 Viacom class B common stock units. Pursuant to the plans, the Viacom class B common stock equivalents are payable in shares of Viacom class B common stock following termination of service as a director and the Viacom class B common stock units are payable in shares of Viacom class B common stock or cash, or a combination thereof following termination of service as a director.
- (9) Mr. Redstone is the beneficial owner of the controlling interest in NAI and, accordingly, beneficially owns all such shares. NAIRI is a wholly owned subsidiary of NAI.
- (10) This information is based on Amendment No. 9 to Schedule 13D filed with the SEC by Gabelli Asset Management Inc. et al. on September 1, 2005. The Amendment No. 9 to Schedule 13D reported that Gabelli entities have investment discretion and/or voting power with respect to substantially all

Edgar Filing: VIACOM INC - Form S-4/A

of such shares.

- (11) Mr. Bressler served as senior executive vice president and chief financial officer of Viacom until May 2005 and was a named executive officer as of December 31, 2004. The information in this table with respect to Mr. Bressler's beneficial ownership is as of May 10, 2005. Mr. Michael J. Dolan was appointed executive vice president and chief financial officer of Viacom as of May 11, 2005.
- (12) The address for Mr. Redstone is c/o Viacom Inc., 1515 Broadway, New York, New York 10036.
- (13) The address for NAIRI and NAI is 200 Elm Street, Dedham, Massachusetts 02026.
- (14) The address for Mario J. Gabelli and Gabelli Asset Management Inc. is One Corporate Center, Rye, New York 10580.

Change in Control Transactions

Viacom does not know of any existing arrangements between any persons, the operation of which could result in a change of control of Viacom at any subsequent date.

VIACOM MARKET PRICE INFORMATION AND DIVIDEND POLICY**Market Price Information**

Viacom class A common stock and Viacom class B common stock are listed and traded on the New York Stock Exchange under the symbols "VIA" and "VIA.B," respectively.

The following table sets forth, for the calendar periods indicated, the per share range of high and low sales prices for Viacom class A common stock and Viacom class B common stock, as reported on the New York Stock Exchange.

	Voting Class A Common Stock		Non-Voting Class B Common Stock	
	High	Low	High	Low
2005				
4th quarter (through November 22)	\$ 34.20	\$ 30.02	\$ 34.16	\$ 29.93
3rd quarter	35.70	32.11	35.64	31.80
2nd quarter	36.39	32.20	36.25	31.95
1st quarter	39.26	34.23	38.99	33.73
2004				
4th quarter	\$ 37.60	\$ 34.00	\$ 37.27	\$ 33.42
3rd quarter	36.74	32.56	35.94	30.09
2nd quarter	42.32	35.80	42.15	35.08
1st quarter	45.10	36.76	45.05	36.35
2003				
4th quarter	\$ 44.67	\$ 36.98	\$ 44.62	\$ 36.87
3rd quarter	46.93	37.79	46.95	37.72
2nd quarter	48.13	36.53	49.75	36.16
1st quarter	43.95	33.26	43.96	33.11

As of August 31, 2005, there were 4,415 record holders of Viacom class A common stock and 55,656 record holders of Viacom class B common stock.

Dividend Policy

Viacom declared its first quarterly cash dividend of \$0.06 per share on its common stock in the fourth quarter of 2003 and paid such dividend through the fourth quarter of 2004. Beginning with the dividend payable on January 1, 2005, Viacom increased its quarterly cash dividend payment to \$0.07 per share and has paid such amount per share each quarter since such date. On October 11, 2005, the Viacom board of directors declared a regular quarterly dividend of \$0.07 per share of Viacom class A common stock and Viacom class B common stock, payable January 1, 2006 to stockholders of record at the close of business on November 30, 2005. The Viacom board of directors is free to change its dividend practices from time to time for any reason, including decreasing or increasing the dividend paid, or not paying a dividend.

PERFORMANCE GRAPH

The following graph compares the cumulative total stockholder return on Viacom class A common stock and Viacom class B common stock with the cumulative total return on the companies listed in the Standard & Poor's 500 Stock Index and a peer group of companies identified below.

The performance graph assumes \$100 invested on December 31, 1999 in each of Viacom class A common stock, Viacom class B common stock, the S&P 500 Index and the peer group identified below, including reinvestment of dividends, through the calendar year ended December 31, 2004.

The peer group consists of the following companies: The Walt Disney Company; News Corporation; Time Warner Inc.; Tribune Company; and Clear Channel Communications.

**Total Cumulative Stockholder Return
for Five-Year Period Ending December 31, 2004**

December 31,	1999	2000	2001	2002	2003	2004
Viacom class A common stock	100.00	77.77	73.22	67.52	73.46	61.95
Viacom class B common stock	100.00	77.35	73.05	67.44	73.65	60.80
S&P 500 Index	100.00	90.90	80.09	62.39	80.29	89.03
Peer group	100.00	79.44	71.46	43.22	58.47	60.76

COMPARISON OF STOCKHOLDER RIGHTS BEFORE AND AFTER THE SEPARATION

On the effective date, the Viacom certificate of incorporation and bylaws will be amended and restated, and will become the CBS Corp. certificate of incorporation and bylaws. Following the separation, the rights of the New Viacom stockholders will be governed by the New Viacom certificate of incorporation and bylaws and Delaware law, and the rights of the CBS Corp. stockholders will be governed by the CBS Corp. certificate of incorporation and bylaws and Delaware law. Immediately following the effective date, the certificates of incorporation and bylaws of each of New Viacom and CBS Corp. will be identical to one another.

The following is a summary of the rights of stockholders under the certificates of incorporation and bylaws of Viacom, New Viacom and CBS Corp. and under Delaware law. This summary is not a complete statement of the rights of stockholders of the companies or a complete description of the specific provisions referred to below. This summary is qualified in its entirety by reference to the Viacom, New Viacom and CBS Corp. certificates of incorporation and bylaws, which you should read. Copies of these documents have been filed with the SEC or have been or will be filed as exhibits to the Registration Statement of which this Prospectus-Information Statement forms a part. To find out where you can get copies of these documents, see the section entitled "Other Information Where You Can Find More Information" beginning on page 238.

As of the effective date, the certificate of incorporation of each of New Viacom and CBS Corp. will reflect that the number of authorized shares of each of New Viacom common stock and CBS Corp. common stock will be equal to half of the current number of authorized shares of Viacom common stock. The number of outstanding shares of New Viacom common stock and CBS Corp. common stock set forth in the table below has been adjusted to give effect to the exchange ratio in the merger, which is 0.5 and which we refer to in this Prospectus-Information Statement as the "exchange ratio," assuming the date of the separation was August 31, 2005.

**Authorized Capital Structure and Liquidation Rights of
Viacom, New Viacom and CBS Corp.
(As of August 31, 2005)**

CLASS OF SECURITY	AUTHORIZED	OUTSTANDING	LIQUIDATION PREFERENCE
<u>Viacom:</u>			
Viacom class A common stock, par value \$0.01 per share	750 million	131,486,804	None
Viacom class B common stock, par value \$0.01 per share	10 billion	1,441,666,509	None
Viacom preferred stock, par value \$0.01 per share	25 million	4,144,000(a)\$	0.01 per share
<u>New Viacom:</u>			
New Viacom class A common stock, par value \$0.001 per share	375 million	65,743,402	None
New Viacom class B common stock, par value \$0.001 per share	5 billion	720,833,254	None
New Viacom preferred stock, par value \$0.001 per share	25 million	None	Not applicable
<u>CBS Corp.:</u>			
CBS Corp. class A common stock, par value \$0.001 per share	375 million	65,743,402	None
CBS Corp. class B common stock, par value \$0.001 per share	5 billion	720,833,254	None
CBS Corp. preferred stock, par value \$0.001 per share	25 million	None	Not applicable

(a)

All outstanding shares of Viacom preferred stock are held by a subsidiary of Viacom and will no longer be outstanding as of the effective date.

Edgar Filing: VIACOM INC - Form S-4/A

STOCKHOLDER RIGHTS	VIACOM	NEW VIACOM	CBS CORP.
DIVIDEND POLICY	<p>Viacom has no legal or contractual obligation to pay dividends on its common stock. In October 2003, Viacom began paying a quarterly cash dividend on its class A and class B common stock of \$0.06 per share. During the fourth quarter of 2004, the amount of the cash dividend paid by Viacom on its class A and class B common stock was increased to \$0.07 per share. The Viacom board of directors is free to change its dividend practices from time to time for any reason, including decreasing or increasing the dividend paid, or not paying a dividend.</p>	<p>New Viacom has no legal or contractual obligation to pay dividends on its common stock. New Viacom does not currently anticipate paying a dividend to its stockholders. The New Viacom board of directors is free to change its dividend practices from time to time for any reason, including paying a dividend, or decreasing or increasing any dividend paid. See the section entitled "Description of New Viacom After the Separation New Viacom Market Price Information and Dividend Policy" beginning on page 152.</p>	<p>CBS Corp. has no legal or contractual obligation to pay dividends on its common stock. CBS Corp. currently anticipates paying a regular cash dividend to its stockholders that initially will be no less than the aggregate annual payment of approximately \$450 million under Viacom's existing dividend program. The CBS Corp. board of directors is free to change its dividend practices from time to time for any reason, including decreasing or increasing the dividend paid, or not paying a dividend. See the section entitled "Description of CBS Corp. After the Separation CBS Corp. Market Price Information and Dividend Policy" beginning on page 216.</p>
VOTING, GENERALLY	<p>Viacom class A common stock:</p> <p>One vote per share. Majority vote for the election of directors and most other matters.</p> <p>Viacom class B common stock:</p> <p>No voting rights, except as required by Delaware law.</p>	<p>This provision will initially be the same as in the Viacom certificate of incorporation.</p>	<p>This provision will initially be the same as in the Viacom certificate of incorporation.</p>
STOCKHOLDER ACTION BY WRITTEN CONSENT	<p>Under the DGCL, unless the certificate of incorporation provides otherwise, stockholders may act by written consent if written consents are received from the holders of the minimum number of votes that would be necessary to authorize that action at a meeting at which all the shares entitled to vote for that action were present and voted. The Viacom certificate of incorporation does not restrict the stockholders' ability to act by written consent.</p>	<p>The New Viacom certificate of incorporation initially will not restrict the stockholders' ability to act by written consent.</p>	<p>The CBS Corp. certificate of incorporation initially will not restrict the stockholders' ability to act by written consent.</p>

Edgar Filing: VIACOM INC - Form S-4/A

NUMBER OF DIRECTORS AND SIZE OF BOARD	The Viacom certificate of incorporation allows between three and 20 directors to serve on its board of directors and authorizes the board of directors to determine the number of directors from time to time. The Viacom board of directors has set the current number of directors at 12.	This provision will initially be the same as in the Viacom certificate of incorporation. Following the separation, the New Viacom board of directors will initially consist of 12 members.	This provision will initially be the same as in the Viacom certificate of incorporation. Following the separation, the CBS Corp. board of directors will initially consist of 12 members.
TERM OF DIRECTORS	Each director serves for a one-year term and until his or her successor is duly elected and qualified.	Each director will serve until the next annual meeting of stockholders or until his or her successor is duly elected and qualified, unless sooner displaced.	Each director will serve until the next annual meeting of stockholders or until his or her successor is duly elected and qualified, unless sooner displaced.
REMOVAL OF DIRECTORS	<p>Any or all of Viacom's directors may be removed with or without cause by Viacom stockholders who represent a majority of the aggregate voting power of outstanding shares of Viacom capital stock entitled to vote.</p> <p>Any director may be removed by a majority vote of the Viacom board of directors if either:</p> <ul style="list-style-type: none">the director fails to meet the qualifications stated in Viacom's bylaws for election as a director; orthe director is in breach of any agreement with Viacom relating to such director's service as a director or employee of Viacom.	<p>This provision will initially be the same as in the Viacom certificate of incorporation.</p> <p>Any director may be removed by a majority vote of the New Viacom board of directors if the director</p> <p>is in breach of any agreement with New Viacom relating to such director's service as a director or employee of New Viacom.</p>	<p>This provision will initially be the same as in the Viacom certificate of incorporation.</p> <p>Any director may be removed by a majority vote of the CBS Corp. board of directors if the director is</p> <p>in breach of any agreement with CBS Corp. relating to such director's service as a director or employee of CBS Corp.</p>
BOARD VACANCIES	Vacancies are filled by a vote of the majority of directors then in office, even if less than a quorum is present. If there are no directors then in office, an election of directors may be held in the manner provided by the DGCL.	This provision will initially be the same as in the Viacom certificate of incorporation.	This provision will initially be the same as in the Viacom certificate of incorporation.

Edgar Filing: VIACOM INC - Form S-4/A

ADVANCE NOTICE PROCEDURES FOR A STOCKHOLDER PROPOSAL

There are no provisions regarding advance notice of director nominations or stockholder proposals. A stockholder who wishes to recommend a director candidate or make a stockholder proposal must comply with the process described in Viacom's proxy statement for such recommendation and applicable provisions of the U.S. federal securities laws.

This provision will initially be the same as in the Viacom certificate of incorporation.

This provision will initially be the same as in the Viacom certificate of incorporation.

CALLING OF SPECIAL MEETING OF STOCKHOLDERS

Special meetings of Viacom stockholders may be called by the:

- majority vote of the board of directors;
- chairman of the board of directors;
- chief executive officer; or
- vice chairman of the board of directors.

Special meetings of Viacom stockholders must be called by the chairman of the board of directors, the chief executive officer, the vice chairman of the board of directors or secretary at the written request of stockholders representing at least 50.1% of the aggregate voting power of all outstanding shares of Viacom capital stock entitled to vote.

This provision will initially be the same as in the Viacom certificate of incorporation.

This provision will initially be the same as in the Viacom certificate of incorporation.

AMENDMENT

Amendments to provisions of the Viacom certificate of incorporation and bylaws by Viacom stockholders do not require any supermajority vote, except as required by the DGCL. The Viacom certificate of incorporation also grants the Viacom board of directors the right to amend the Viacom bylaws.

This provision will initially be the same as in the Viacom certificate of incorporation.

This provision will initially be the same as in the Viacom certificate of incorporation.

TRANSFER RESTRICTIONS WITH RESPECT TO FEDERAL COMMUNICATIONS LAWS

Viacom may refuse to permit the transfer of shares of its capital stock if it concludes that the ownership or transfer of such shares would result in any inconsistency with, or violation of, applicable federal communications laws.

New Viacom will be able to 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 applicable federal communications laws.

CBS Corp. will be able to 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 applicable federal communications laws.

CORPORATE OPPORTUNITY PROVISIONS

None.

No officer, director or controlling stockholder of New Viacom who is also an officer, director or controlling stockholder of CBS Corp. will be liable to New Viacom or its stockholders for breach of any fiduciary duty by reason of the fact that any such person directs a corporate opportunity to CBS Corp. instead of or in addition to New Viacom, or does not communicate information regarding a corporate opportunity to New Viacom because the officer, director or controlling stockholder has directed the corporate opportunity to CBS Corp., in each case, if such person directs such corporate opportunity as he or she deems appropriate in his or her sole discretion. New Viacom will renounce any interest in any such opportunity presented to CBS Corp. See the section entitled "Description of New Viacom After the Separation Description of New Viacom Capital Stock" beginning on page 152.

No officer, director or controlling stockholder of CBS Corp. who is also an officer, director or controlling stockholder of New Viacom will be liable to CBS Corp. or its stockholders for breach of any fiduciary duty by reason of the fact that any such person directs a corporate opportunity to New Viacom instead of or in addition to CBS Corp., or does not communicate information regarding a corporate opportunity to CBS Corp. because the officer, director or controlling stockholder has directed the corporate opportunity to New Viacom, in each case, if such person directs such corporate opportunity as he or she deems appropriate in his or her sole discretion. CBS Corp. will renounce any interest in any such opportunity presented to New Viacom. See the section entitled "Description of CBS Corp. After the Separation Description of CBS Corp. Capital Stock" beginning on page 216.

DESCRIPTION OF NEW VIACOM AFTER THE SEPARATION

BUSINESS OF NEW VIACOM

Overview

New Viacom is a worldwide entertainment company with operations in the following segments:

Cable Networks: The Cable Networks segment consists of: MTV Networks, including MTV: Music Television, MTV2, Nickelodeon, Nick at Nite, Noggin, The N, Nicktoons Network, VH1, TV Land, Spike TV, CMT: Country Music Television, Logo, Comedy Central, MTV Desi, MTV Español, mtvU, MTV Hits, MTV Jams, MTV Overdrive, VH1 Classic, VHUno, VH1 Soul, VH1 Country, Game One, VIVA, TMF, Paramount Comedy and Neopets; BET, which includes BET Jazz; and other program services, including online programming services.

Entertainment: The Entertainment segment includes Paramount Pictures, which produces and distributes feature motion pictures, and Famous Music, which is involved in music publishing.

New Viacom's revenues from the Cable Networks segment accounted for 68% of New Viacom's revenues for the first nine months of 2005 and 69% for the year ended December 31, 2004, and its revenues from Entertainment accounted for 32% of New Viacom's revenues for the first nine months of 2005 and 31% for the year ended December 31, 2004. New Viacom generated approximately 21% of its total revenues from international regions, principally Europe and Canada, in both 2004 and the nine months ended September 30, 2005. For the year ended December 31, 2004, approximately 68% and 7% of total international revenues of \$1.7 billion were generated in Europe and Canada, respectively. Revenues from the Cable Networks segment are generated primarily from advertising sales, affiliate fees, home entertainment sales and licensing and merchandising of cable products. Revenues from the Entertainment segment are generated primarily from the licensing and sale of feature films in various media.

On October 13, 2005, MTV Networks acquired IFILM Corp., which owns IFILM.com, a video-entertainment website, for \$49 million. On July 22, 2005, Viacom sold Famous Players, its Canadian-based theater chain, to Cineplex Galaxy L.P. for approximately \$400 million. In the second quarter of 2005, MTV Networks acquired Neopets, 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, for approximately \$160 million. 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, Viacom completed the split-off of Blockbuster by exchanging 72 million shares of Blockbuster class A common stock and 72 million shares of Blockbuster class B common stock that Viacom owned for 27,961,165 shares of Viacom class A and class B common stock. New Viacom's results of operations include Blockbuster and Famous Players as discontinued operations. MTV Networks also acquired the remaining 50% interest that it did not already own in Comedy Central in 2003 and in Noggin in 2002.

For additional information about significant dispositions and acquisitions, see Notes 3 and 9 to the New Viacom Interim Financial Statements and Notes 4 and 7 to the New Viacom Combined Financial Statements beginning on page F-1.

New Viacom competes with many different entities and media in various markets worldwide. New Viacom competes in the cable, broadcast and entertainment businesses with other diversified international entertainment companies such as Time Warner Inc., News Corporation, Sony Corporation, The Walt Disney Company, and NBC Universal Inc.

As new technologies for delivering content and services evolve, New Viacom is pursuing opportunities to distribute content to consumers through various media, devices and platforms, including the Internet, wireless devices, video-on-demand, interactive television and video games.

New Viacom was organized as a Delaware corporation in 2005 as a wholly owned subsidiary of Viacom and prior to the separation acquired its businesses from Viacom. On the effective date and as

a result of the separation, New Viacom will be a separate publicly traded company. New Viacom's principal offices are located at 1515 Broadway, New York, New York 10036.

Competitive Strengths

New Viacom believes it possesses a number of strengths that will enable it to compete successfully:

One of the largest collections of cable programming assets in the world, with leading global brands that are attractive advertiser vehicles. New Viacom has one of the largest collections of cable programming assets in the world. The leading New Viacom program services reach more than 165 territories through over 110 television channels presented in over 25 different languages and, as of April 2005, reached approximately 430 million subscriber households worldwide. In the United States, New Viacom's leading networks program approximately 1,730 hours per week and, according to Nielsen Media Research®, reached approximately 130 million television viewers in the period from April 2005 to August 2005. Many of New Viacom's brands, such as MTV, Nickelodeon and VH1, and its motion picture studio, Paramount Pictures, are known worldwide. Interbrand Corp., an international brand consultancy, cited MTV as one of the world's most valuable brands in 2005. Nickelodeon, which as of September 30, 2005 was available in approximately 300 million television households worldwide, is one of the world's most widely distributed children's television brands.

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 viewers in the 12- to 34-year-old demographic during the 2004-2005 broadcast season, according to Nielsen Media Research. MTV: Music Television has been the #1 advertising-supported 24-hour basic cable network among 12- to 24-year-olds for 34 consecutive quarters and Nickelodeon accounted for 50% of all viewing of advertising-supported children's television programming in the United States by children ages two to 11 during the 2004-2005 broadcast season. New Viacom's broad distribution to specialized audiences and its focus on forging strong connections with its audiences make New Viacom's networks an attractive vehicle for advertisers. New Viacom maintains a strong in-house research organization that focuses on identifying emerging behaviors and trends among core audiences, which New Viacom believes is a key competitive advantage. These factors, combined with New Viacom's integrated presence on a variety of digital and broadcast platforms, allow New Viacom to provide an efficient and reliable vehicle for advertisers to reach consumers.

A long-standing international presence with a global footprint. New Viacom has a significant and/or growing presence in many regions of the world. Established advertising, distribution and programming relationships in these markets, together with New Viacom's infrastructure, provide a platform for new channel launches and complementary acquisitions. New Viacom has created over 110 channels delivered in more than 165 territories. Over the last 12 months alone, New Viacom has launched 18 program services internationally, including its first pan-African channel and Nickelodeon in Germany. New Viacom's global footprint also allows it to incubate technical and programming expertise in emerging markets where new media products have been deployed more extensively than in the U.S. markets. For example, New Viacom has launched programming applications for advanced mobile services in Japan and Europe, which New Viacom believes better prepares it 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. New Viacom's focus on understanding its audiences through research enhances its ability to develop innovative and original programming. New Viacom's 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. New Viacom's television programming includes popular shows and enduring characters, including *Newlyweds*, *The Real World*, *SpongeBob SquarePants*, *South Park*, *Dora the Explorer*, *The Daily Show with Jon Stewart*, *The Osbournes*, *Laguna Beach*, *Blue's Clues* and *Rugrats*. New Viacom's programming also includes events,

such as *The MTV Video Music Awards*, *Nickelodeon's Kids' Choice Awards*, *VH1 Save the Music*, *CMT Music Awards*, *MTV Movie Awards*, *Spike TV Video Game Awards*, *Comedy Central Roast* and the *BET Awards*. New Viacom has significant in-house creative capabilities and has helped launch the careers of some of the entertainment industry's leading entertainers, directors and producers. New Viacom believes that its strong creative track record, its willingness to experiment with new shows and concepts, the strength and breadth of its distribution, its solid financial foundation and its well-known media brands help attract and retain creative talent. New Viacom's 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*.

As a result of its creative output in television and in motion pictures, New Viacom has assembled a library with significant future revenue potential. New Viacom's 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. New Viacom's library contains many titles that have not been fully exploited in the DVD or other digital media formats.

A secure distribution platform and a strong track record of obtaining new carriage. New Viacom's 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. New Viacom has eight cable programming services that are distributed in over 75 million homes in the United States and two other services that currently reach more than 40 million homes in the United States. The majority of New Viacom's networks are available on broadly distributed programming tiers. New Viacom believes that its strong relationships with its affiliates, the quality and popularity of its programming networks and its ability to create programming that is appealing to viewers, have enabled it to renew existing affiliation agreements, to obtain new distribution for existing networks and to launch new networks.

An established and growing multiplatform presence. New Viacom programs and operates over 100 websites, including broadband sites, which collectively attracted over 26 million unique visitors in August 2005, giving New Viacom the second most-visited entertainment website portfolio on the Internet during that period. New Viacom continues to launch integrated broadband channels and content, online communities, wireless applications and video-on-demand offerings across its properties in many countries around the world. New Viacom is building wireless services for the majority of its core brands and is 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. New Viacom also recently acquired Neopets, the owner and operator of Neopets.com, a leading online destination and community for kids and young adults. MTV Networks has various rights in various territories to create and distribute content for mobile devices. For example, in September 2005, New Viacom 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.

An attractive financial profile. New Viacom's largest business segment, Cable Networks, has increased its revenue at a compound annual growth rate of 22% since 1988. Operating income in this segment has increased at a compound annual growth rate of 25% since 1988. In the nine months ended September 30, 2005, New Viacom's revenues were derived 40% from advertising, 31% from feature film exploitation, 20% from affiliate fees, and 9% from other revenues. New Viacom has a large worldwide consumer licensing business. Basic cable programming services receive revenue from both advertising and affiliate fees, which increases the predictability of these revenues. Further, many of New Viacom's services, particularly its cable programming services, develop programming through in-house capabilities, resulting in lower overall production costs. Cable Networks reported operating income margins of 41%, 41%, and 40% in 2002, 2003, and 2004, respectively.

An experienced management team with a proven creative and financial track record. New Viacom's operations are led by a financially-disciplined management team that has the expertise and

the vision to develop and successfully exploit its programming content. The senior management of New Viacom and its MTV Networks, BET and Paramount Pictures operations consists of leaders in the media and entertainment industry who have established track records of success.

Business Strategy

New Viacom's mission as a newly separate business 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. To achieve this, New Viacom intends to create growth by focusing on the consumer, enhancing existing brands, developing new brands and implementing its multiplatform strategy. New Viacom believes that it can deliver superior returns to stockholders by capitalizing on these strengths and deepening its relationships with advertisers, distribution affiliates, creative talent and licensees.

More specifically, New Viacom plans to:

Enhance existing brands and build compelling new brands for all platforms. New Viacom intends to continue investing in programming and new and existing brands to serve and grow its audiences, and expand its distribution and advertising revenue streams. In particular, New Viacom expects to target new demographic and interest groups and continue the development of existing services in order to retain and expand its audiences and the value of its brands. Through these investments, New Viacom intends to build its content libraries, support expanded distribution and licensing and expand into new media and businesses. These initiatives will also continue to benefit from New Viacom's core consumer research and creative strengths.

Enlarge its established international base. New Viacom believes its established position as a multichannel network operator in many regions of the world enhances its ability to create additional value by acquiring other networks, broadening its platforms, and growing its consumer products business. New Viacom expects to use its knowledge and experience in local markets around the world and its worldwide scale to develop and acquire new programming services. New Viacom also expects to strengthen its international position by building its 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 its growing multiplatform business. New Viacom expects to take advantage of emerging technological and consumer trends by extending its brands and distributing its content into new forms of integrated digital distribution, such as broadband, wireless, online community, video-on-demand, high-definition programming and other businesses. This extension of its brands will be achieved through a combination of organic growth, investment in its existing and complementary businesses, strategic relationships, and focused acquisitions that fit with its current brands and core competencies. Through this expansion, New Viacom expects to develop stronger connections with its existing viewers, while building relationships with additional audiences in key demographic areas. New Viacom believes its connection with its audiences, its marketing expertise and its ability to integrate new digital offerings and experiences on multiple platforms will support this expansion.

Revitalize Paramount Pictures. New Viacom believes it has a significant opportunity to revitalize Paramount Pictures. With a new management team in place at Paramount, New Viacom intends to pursue projects more closely aligned with the tastes of target movie-going audiences and to take advantage of its significant marketing and creative capabilities. New Viacom also plans to grow its worldwide home entertainment operations, enhance its revenue opportunities by retaining a greater proportion of international rights for its theatrically released films and begin the self-distribution of its films theatrically in certain key international markets.

Build on its reputation as a great place to work. New Viacom has created and is committed to maintaining a diverse culture that attracts the best people, embraces original ideas, is nimble and quick, promotes integrity, creativity and innovation, and values fun. New Viacom believes this diverse and creative culture will enable it to develop and to market equally diverse, creative and valuable television,

motion picture and new media programming and will give it a significant strategic advantage, in the United States and around the world.

Business Segments

New Viacom's reportable business segments are Cable Networks and Entertainment. Financial and other information by segment is included in the Notes to the New Viacom Combined Financial Statements beginning on page F-1.

Cable Networks. (68%, 69%, 64% and 62% of New Viacom's combined revenues for the nine months ended September 30, 2005 and full year 2004, 2003 and 2002, respectively).

New Viacom owns and operates advertiser-supported basic cable television program services through MTV Networks and BET in the United States and internationally.

New Viacom's cable networks derive revenues principally from two sources: the sale of time on its own networks to advertisers and the receipt of affiliate fees from cable television operators, DTH satellite operators and other distributors. For the nine months ended September 30, 2005, revenues from advertising sales and affiliate fees were 61% and 29%, respectively, of total revenues for the Cable Networks segment. New Viacom's cable networks also derive revenues from home entertainment sales of its cable programming, the licensing of its cable networks in international markets and the licensing of its brands for consumer products. The sale of advertising time is affected by desirable 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 78. To sell advertising, New Viacom maintains both domestic and international sales forces, which call on both clients and their associated advertising agencies. To meet a broad range of client needs, New Viacom maintains specific sales forces around key brands, such as MTV and Nickelodeon. New Viacom also has 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.

Cable and DTH satellite distribution is currently the predominant means of distributing New Viacom's program services in the United States. Internationally, distribution technology varies region by region. Viacom has 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.

A number of these agreements also authorize the distributor to transmit local analog and/or digital television programming from CBS Corp. New Viacom and CBS Corp. have begun negotiating separately with distributors for rights to carriage on a distributor's system. See the section entitled "Arrangements Between New Viacom and CBS Corp. After the Separation Description of Material Agreements Relating to Ongoing Relationships Programming, Retransmission and Affiliation Agreements" beginning on page 236. Consolidation among cable and DTH satellite operators over the past several years has meant that approximately 85% of the cable and DTH households in the United States are now controlled by eight distributors, and international markets are also experiencing consolidation. Industry consolidation can make it more difficult for New Viacom to negotiate favorable arrangements with its distributors.

New Viacom produces original programming using internal production employees, freelance employees and external production companies. New Viacom also acquires 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.

New Viacom is an industry leader in developing programming 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. New Viacom believes that its track record and skill in researching consumer desires and developing niche, innovative cable networks, together with its relationships with distributors, provide it with an advantage in obtaining distribution for new services. For example, New Viacom recently launched Logo, which was available to approximately 17 million subscribers as of September 30, 2005. In September 2005, MTV Networks announced plans to launch a high-definition television channel in January 2006 featuring multiple genres of music drawn from the MTV, VH1 and CMT family of brands.

For 2004, according to information from the Nielsen Media Research report covering the period between December 29, 2003 and December 26, 2004, New Viacom's 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), 15% (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 include MTV: Music Television, MTV2, Nickelodeon, Nick at Nite, Noggin, The N, Nicktoons Network, VH1, TV Land, Spike TV, CMT: Country Music Television, which we refer to in this Prospectus-Registration Statement as "CMT," Comedy Central, MTV Desi, MTV Español, mtvU, MTV Hits, MTV Jams, MTV Overdrive, VH1 Classic, VHUno, VH1 Soul, VH1 Country, Logo, Game One, VIVA, TMF, Paramount Comedy and Neopets, among others. Subscriber numbers for MTV Networks are typically based on Nielsen Media Research reports.

MTV's programming consists 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 MTV Video Music Awards*, *The Real World*, *My Super Sweet 16* and *Laguna Beach*. At August 31, 2005, MTV: Music Television reached approximately 89 million domestic subscriber households. MTV2, a spin-off of MTV: Music Television, features music videos from a broad range of musical genres and related programming. At August 31, 2005, MTV2 reached approximately 58 million domestic subscriber households. VH1 presents music programming, including music videos, long-form programming, live music events, reality series, documentaries and other pop culture and lifestyle programming. At August 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. At August 31, 2005, CMT reached approximately 78 million domestic subscriber households. mtvU offers students on U.S. college campuses a blend of music, news, sports and college-specific programming.

Nickelodeon programming consists primarily of originally produced programs appealing to audiences ages two to 11, 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 August 31, 2005, each of Nickelodeon and Nick at Nite reached approximately 89 million domestic subscriber households. As of September 30, 2005, Nickelodeon was one of the most widely distributed children's program services in Europe and the world, with 28 channels available in approximately 198 million television households in over 115 territories. Nickelodeon program blocks in over 20 key markets such as China, Russia and Indonesia are available in approximately 122 million additional television households and extend Nickelodeon's availability to a total of over 165 territories. Noggin is a commercial-free educational channel designed for preschoolers, offering educational shows such as *Blue's Clues* and *Miffy*, along with new original series like *Oobi* and *Tweenies*.

MTV Networks also operates "*The Suite from MTV Networks*," which we refer to in this Prospectus-Information Statement as "The Suite," a package containing MTV2 and several digital television program services, including VH1 Classic and other music-related services including two

Spanish-language music services. The Suite also includes brand extensions of Nickelodeon, such as Noggin, The N, Nicktoons Network and GAS. The Suite services are available through DTH satellite operators and cable operators offering digital technology.

Comedy Central features comedy programming, including *The Daily Show with Jon Stewart*, *South Park* and *Reno 911*. At August 31, 2005, Comedy Central reached approximately 87 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 June 30, 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 August 31, 2005, Spike TV reached approximately 89 million domestic subscriber households. In June 2005, New Viacom launched Logo, a gay and lesbian themed network, and in July 2005 it launched MTV Desi, the first network 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. 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 produced by MTV Films or Nickelodeon Movies and released by Paramount Pictures. MTV Films or Nickelodeon Movies is entitled to receive fees and participations based on the performance of these films.

Internationally, MTV Networks owns and operates, participates in as a joint venturer, and licenses third parties to operate, approximately 90 MTV Networks program services, including MTV: Music Television, VH1, Nickelodeon, TV Land, Spike TV, Paramount Comedy, The Box, CMT, Game One, VIVA and TMF. 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 57 individual music, kids and comedy channels. As of April 2005, the leading MTV Networks program services reached approximately 134 million households and 141 million households in Europe and Asia, 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.

New Viacom actively pursues 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; expanded MTV's and Nickelodeon's presence in China and, in 2005, New Viacom launched Nickelodeon to approximately 30 million households in Germany and launched MTV base, a pan-African music television channel.

Edgar Filing: VIACOM INC - Form S-4/A

The following sets forth over 110 of MTV Networks' and BET's channels domestically and internationally:

NORTH AMERICA

MTV	VH1	Nickelodeon	CMT	BET
MTV2	VH1 Classic	Nick at Nite	Comedy Central	BET Gospel
MTV Desi	VH1 Country	Nick GAS	Logo	BET Jazz
MTV Espanol	VH1 Uno	Nicktoons Network	Spike TV	
MTV Hits	VH1 Soul	Noggin	TV Land (U.S. and Canada)	
MTV Jams		The N		
MTV Puerto Rico				
mtvU				

EUROPE/MIDDLE EAST/AFRICA

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

ASIA/PACIFIC

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

LATIN AMERICA

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

MTV Networks, in exchange for cash and advertising time or for promotional consideration only, licenses music videos from record companies for exhibition on MTV, MTV2, VH1, CMT and other MTV Networks programming services. MTV Networks has entered into global music video licensing agreements with certain major record companies and into global or regional license 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 renew or initiate additional global or regional license agreements with these and other parties. However, there can be no assurance that such renewals or agreements can be concluded and, if so, on favorable terms.

BET: Black Entertainment Television. BET's owned and operated cable program services include BET and BET Jazz, and its digital service BET Gospel®.

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 *Club Comic View*. BET Jazz, a U.S. cable network devoted to jazz 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 August 31, 2005, according to Nielsen Media Research, BET reached approximately 80 million domestic subscriber households. BET Jazz derives its revenue principally from subscription fees generated by the license of its network to cable television operators, DTH satellite operators and other distributors. As of June 30, 2005, BET Jazz billed approximately ten million domestic subscriber households. Certain BET and BET Jazz distribution agreements expired at the end of 2004. BET expects all of these agreements to be renewed or extended through multi-year affiliation agreements that will be executed in conjunction with the renewal or launch of other New Viacom cable program services. If agreement renewals are not completed, BET and/or BET Jazz could lose subscribers.

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 Jazz. BET Books, BET's book publishing division, publishes romance, inspirational and mainstream fiction books targeted to the African-American market. Its revenues are generated by book sales through a subscriber book club, retail outlets, discount stores and online book merchants.

Websites and Digital Services. New Viacom operates Internet sites, including numerous music websites, around the world that appeal to the current audiences of its 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. In August 2005, New Viacom's websites collectively attracted over 26 million 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 New Viacom 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 over 50% growth in Internet advertising year-to-date through August 31, 2005 when compared to the same period in the prior year. MTV Networks currently obtains much of its website content from record labels, music publishers and artists. If providers charge significant fees for their content, or otherwise alter or discontinue their relationship with MTV Networks' websites, then the website's content offering and business could be adversely affected.

New Viacom is rapidly extending its brands to new platforms of distribution. Leading broadband entertainment offerings based on its 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, New Viacom provides broadband-based interactive video experiences, with products such as MTV Overdrive, TurboNick and VH1's VSpot and the MotherLoad broadband service available at comedycentral.com. In the wireless area, New Viacom also provides a mix of digital applications, ring tones and video programming to partners such as Virgin Mobile USA, Verizon Wireless and Sprint in the United States and internationally. MTV Networks has various rights in various territories to create and distribute content for mobile devices. In September 2005, New Viacom 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. New Viacom has 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.

New Viacom's experience in local markets internationally also allows the introduction of new products for which markets are not yet developed in the United States. In June 2005, New Viacom launched FLUX, a subscription-based service delivering entertainment and music via mobile phones and online networks to consumers in Japan.

Edgar Filing: VIACOM INC - Form S-4/A

BET has an approximately 42% interest in BET Interactive, LLC, which we refer to in this Prospectus-Information Statement as "BET Interactive," 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 Jazz, the latest music news, artist information, music offerings and interactive entertainment for BET's programs. For the six-month period January 1, 2005 to June 30, 2005, BET.com attracted over 700,000 U.S. monthly unique visitors, according to Nielsen-NetRatings, Inc., which we refer to in this Prospectus-Information Statement as "Nielsen/NetRatings."

The table below sets forth certain of New Viacom's websites and other wireless services:

WEBSITES

MTV

mtv.com	mtv.ro	mtvbase.co.uk	mtv2pop.de
mtv.co.uk	mtv2.com	mtvchinese.com	mtveuropemusicawards.com
mtv.it	mtv2europe.com	mtv.com.au	isleofmtv.com
mtv.de	mtv.com.br	mtvclassic.pl	mtvadvancewarning.com
mtv.ru	mtvla.com	mobilemtv.com	mtvthetrip.com
mtv.nl	mtvjapan.com	broadbandmtv.com	mtvatthemovies.com
mtv.fr	mtvasia.com	mtvasiaaid.com	mtvenus.com
mtv.es	mtv.co.kr	mtvdesi.com	mtv-media.com
mtv.pl	mtvkorea.co.kr	mtveurope.com	exquisitemtv.com
mtve.com	mtv.china.com	mtvadria.com	
mtv.tv	mtvindia.com	mtvbaseafrica.com	
mtv.pt	mtvthailand.com	mtvasiaawards.com	

NICKELODEON

nick.com	noggin.com	binweevils.com
nickjr.com	nickelodeon.nl	nickjrgrownupgames.com
nickelodeon.com.au	nickelodeon.be	nickphonetones.com
nickjr.com.au	nickelodeon.se	nicksplat.com
nickjr.co.uk	nickelodeon.dk	nickjr.kids.us
nick.co.uk	the-n.com	nicktoonsnetwork.com
nick.kids.us	nickarcade.com	nickmobile.com.au
hahanick.com	nickjapan.com	nickelodeon.es
nicktv.it	nickelodeon.de	nickelodeon.hu
mundonick.com	nickelodeon.pt	

VH1

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

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

TV LAND

tvland.com
tvlandcanada.com

CMT

cmtcanada.com
cmt.com

SPIKE TV

spiketv.com

COMEDY CENTRAL

comedycentral.com

LOGO

logoonline.com

PARAMOUNT

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

BET

bet.com

THE BOX

thebox.nl

GAME ONE

gameone.net

MTVU

mtvU.com

OTHER

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

WIRELESS SERVICES

*MTV	Spike Mobile	TMF Mobile	Comedy Central Mobile
MTV Mobile	Nickelodeon Mobile	The Box Mobile	Flux
VH1 Mobile	Game One Mobile	Paramount Comedy	LOGO Mobile
CMT Mobile		Mobile	

Edgar Filing: VIACOM INC - Form S-4/A

Mobile content distribution via, among others:

DoCoMo	Verizon Wireless	TIM	Optus	KPN
J-Phone	Sprint	Telefonica	China Mobile	H3G
KDDI	Vodafone	Telia	O2	Sonera
Singtel	Orange	Telenor	E-Plus	Optimus
Virgin Mobile USA	T-Mobile	Swisscom	Bouyges	Cingular

77

Consumer Licensing. New Viacom owns a large worldwide consumer 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*. New Viacom licenses its brands and characters for and in connection with merchandise, videogames, and publishing worldwide. New Viacom generally is paid a royalty based upon a percentage of the licensee's wholesale revenues, with a portion of the future expected revenues guaranteed. New Viacom believes 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 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. BET properties generally face competition for advertising revenue from other African-American targeted media, including other cable networks that target BET's African-American audience such as 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. In addition, BET, BET Jazz and BET Gospel compete with other cable programming services for available channel space as well as other uses of bandwidth and for subscriber fees from cable operators, DTH satellite operators and other distributors.

Edgar Filing: VIACOM INC - Form S-4/A

Entertainment. (32%, 31%, 36% and 38% of New Viacom's consolidated revenues for the nine months ended September 30, 2005 and full year 2004, 2003 and 2002, respectively).

The Entertainment segment's principal business is Paramount Pictures, which primarily produces and distributes feature motion pictures. The entertainment segment's businesses also include Famous Music, which owns, controls and/or administers copyrights of musical works.

Features. Through Paramount Pictures and its subsidiaries, New Viacom 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. During 2004, Paramount Pictures produced, co-produced or acquired, and theatrically released, 16 motion pictures, including *Mean Girls*, *Collateral*, *The SpongeBob SquarePants Movie* and *Lemony Snicket's A Series Of Unfortunate Events*. Of these 16 titles, two were produced in association with Nickelodeon Movies and two were produced in association with MTV Films. Paramount Pictures currently plans to release approximately 12 films in 2005, including *Coach Carter* and *The Longest Yard*, each of which was produced in association with MTV Films and released in the first half of 2005. Generally, Paramount Pictures incurs the production and marketing costs of films produced by MTV Films or Nickelodeon Movies and released by Paramount Pictures. 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 10 films in 2004 and five titles in 2005. Release plans for films may change due to a variety of factors.

Paramount Pictures generally distributes its motion pictures for theatrical release outside the United States and Canada through United International Pictures, which we refer to in this Prospectus-Information Statement as "UIP," a company that will be owned by New Viacom and an affiliate of Universal Studios, Inc. 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 territories 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. Paramount Pictures distributes its motion pictures on DVDs and videocassettes in the United States and Canada through Paramount Home Entertainment and outside the United States and Canada 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. After the separation, 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, 2004 and December 31, 2003, the unrecognized revenues attributable to such licensing of completed films from Paramount Pictures' license agreements were approximately \$1.2 billion, including intercompany revenues of \$65.9 million and \$68.9 million, respectively. At December 31, 2004, Paramount Pictures had more than 1,000 motion pictures in its library. New Viacom also has a library of varying rights for additional motion picture titles, most of

which consist of the Spelling Entertainment library. This library consists of titles for which Paramount Pictures and New Viacom control rights for various media and territories and for varying terms.

Music Publishing. The Famous Music publishing companies 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. These rights include the right to license and exploit such works, as well as the right to collect income generated by such licensing and exploitation and are principally derived from (i) agreements entered into by Paramount Pictures, Paramount Television, Spelling Television, CBS Broadcasting, MTV Networks and various other divisions of New Viacom and CBS Corp. regarding certain motion pictures, television programs and other properties produced by such units and (ii) agreements entered into directly by Famous Music with songwriters and music publishers, including exclusive songwriting agreements, music administration agreements and catalog purchases. Extreme Music Library Limited and Directors Cut Production Music Limited, wholly owned subsidiaries of Famous Music Corporation, are engaged in the production music library business, which licenses music for use in films, commercials, television shows and promotional announcements, and various other uses. These companies own the music copyrights and master recordings to thousands of musical works.

Theatrical Exhibition. In the fourth quarter of 2004, entities affiliated with Viacom and Vivendi Universal sold their respective 50% equity interests in United Cinema International Multiplex B.V., which we refer to in this Prospectus-Information Statement as "UCI." Affiliates of New Viacom and Vivendi Universal continue to each own a 50% interest in entities which operated approximately 10 theaters in Brazil. This business was sold to NAI in a transaction that closed in October 2005. New Viacom also owns a 50% interest in two entities which operate approximately 120 screens in 20 theaters under the name *Mann Theatres*, which are located in California. On July 22, 2005, Viacom sold Famous Players, its Canadian-based theater chain, to Cineplex Galaxy L.P. for approximately \$400 million.

Entertainment Competition

Theatrical Motion Pictures. New Viacom competes with other major studios such as The Walt Disney Company, DreamWorks LLC, Fox, Metro-Goldwyn-Mayer, Inc., Sony Corporation, Universal Studios, Inc. and Warner Bros. Entertainment Inc. and independent film producers in the production and distribution of motion pictures, DVDs and videocassettes. Paramount Pictures' competitive position primarily depends on the quality of the product produced, its distribution and marketing success and public response. New Viacom also competes to obtain creative talent and story properties which are essential to its success.

Music Publishing. Famous Music competes with the music publishing companies owned by other major entertainment companies (and some independents), 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 service the writers' catalogs both creatively in terms of creating licensing and co-writing opportunities, its ability to acquire important musical works as well as its ability to properly collect worldwide royalty income and protect the copyrights.

Regulation

New Viacom's 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 New Viacom's businesses.

Intellectual Property

Laws affecting intellectual property are of significant importance to New Viacom. See the section entitled " Intellectual Property" beginning on page 82.

Copyright Law and Content. In the United States, 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. New Viacom is engaged in enforcement and other activities to protect its intellectual property and is 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 New Viacom's enforcement efforts.

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. Several policymakers maintain that cable operators should be required to offer programming to subscribers on a network-by-network, or à la carte, basis or provide "family-friendly" tiers. The unbundling or tiering of program services reduces distribution of certain channels thereby leading to reduced viewership and increased marketing expenses, and may affect a cable network's ability to compete for or attract the same level of advertising dollars. In addition, the decline in subscribers could lead to a loss in New Viacom's advertising sales and affiliate fees and a reduction in payments by cable and DTH satellite operators.

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 would, as of January 1, 2006, 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. If not modified, this rule could have an adverse impact on New Viacom's children-oriented programming, including Nickelodeon and Nick Jr., because it would force a reduction of promotional or advertising time during such programming. In addition, the FCC issued a rule, also effective January 1, 2006, that would limit the display during children's cable programming of the Internet addresses of websites that contain or link to commercial material, including the website for the cable channel itself if commercial material is on the website. This rule, if not modified, could have an adverse impact on New Viacom's

ability to promote its websites that contain commercial material. Viacom and several other companies have asked the FCC to reconsider both rules and have sought a stay of the effective date of their rules during the FCC's reconsideration.

In October 2004, Viacom entered into a consent decree with the FCC to dismiss with prejudice alleged violations of the commercial limits during children's programming on Nickelodeon. Viacom agreed to make a voluntary contribution to the U.S. Treasury in the amount of \$1 million and to prospectively reduce the amount of commercial matter aired on Nickelodeon representing the excess of the minutes-per-hour limitations Nickelodeon allegedly aired during the period of inquiry. The consent decree also obligated 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.

Indecency. Some policymakers also 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, New Viacom's content could be subject to additional regulation and may not be able to attract the audiences which make New Viacom's 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. New Viacom's wholly owned program services are not currently subject to the program access rules. New Viacom's flexibility to negotiate the most favorable terms available for its content and its ability to offer cable operators exclusive programming could be adversely affected if it were to become subject to the program access rules.

Intellectual Property

New Viacom creates, owns and distributes intellectual property worldwide. It is New Viacom's practice to protect its 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 New Viacom: 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 and related Internet sites. As a result, domestic and foreign laws protecting intellectual property rights are important to New Viacom, and New Viacom actively enforces its intellectual property rights against infringements.

Properties

New Viacom will maintain its world headquarters at 1515 Broadway, New York, New York, where it will rent approximately 1.4 million square feet for executive offices and certain of its operating divisions. The lease for the majority of the space runs to 2010, with four renewal options for five years each thereafter. New Viacom will also lease the following major facilities for certain of its operating divisions: (a) approximately 548,000 square feet of office space at 1633 Broadway, New York, New York, through 2010, (b) approximately 139,000 square feet of office space at 1540 Broadway, New York, New York, through 2021, which space will expand to approximately 278,000 square feet in 2007 and

(c) 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.

In connection with the separation, New Viacom will lease or sublease to CBS Corp. the following facilities: (a) office space at 1515 Broadway, New York, New York, (b) office space at 1633 Broadway, New York, New York and (c) office space and tape storage space at the Paramount Pictures Studio.

New Viacom will 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 its businesses. New Viacom considers its properties adequate for its present needs.

Legal Proceedings

In July 2002, judgment was entered in favor of Viacom, Blockbuster, Paramount Home Entertainment and other major motion picture studios and their home video subsidiaries with respect to a complaint filed in the U.S. District Court for the Western District of Texas. The complaint included U.S. 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 Viacom in 2004, any judgment in this matter adverse to Viacom, Blockbuster and/or Paramount Home Entertainment may be allocated 33.33% to Blockbuster and 66.67% to Viacom. New Viacom will assume, and indemnify CBS Corp. for, Viacom's responsibility for losses in this matter pursuant to the separation agreement.

On November 10, 2005, Viacom was named as a defendant in a putative class action lawsuit filed by a stockholder of Blockbuster that alleges violations of federal securities laws. The suit, which is captioned *Congregation Ezra Sholom v. Blockbuster Inc., et al.*, was filed in the United States District Court for the Northern District of Texas. The suit is brought on behalf of all those who acquired shares of Blockbuster pursuant to Viacom's 2004 split-off of Blockbuster and those who purchased Blockbuster shares in the open market between September 8, 2004 and August 9, 2005. The complaint names as defendants NAI, Viacom and certain of its present and former officers and directors, and Blockbuster and certain of its present and former directors. The complaint alleges that the defendants made untrue statements of material facts and concealed and failed to disclose material facts. The plaintiff seeks to have the purchase of Blockbuster shares in the split-off rescinded, and also seeks other unspecified compensatory and other damages. Also in November 2005, Viacom, the Viacom Retirement Committee and certain of Viacom's current and former officers and directors, were named as defendants in a putative class action filed in the United States District Court for the Southern District of New York. Plaintiff 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 and by offering to plan participants the opportunity to exchange their shares of Viacom common stock for the shares of Blockbuster common

stock that were owned by Viacom. Plaintiff's complaint seeks certain declaratory and injunctive relief, disgorgement of alleged profits, unspecified compensatory damages, and other unspecified equitable and injunctive relief. In connection with the split-off, Blockbuster agreed to indemnify Viacom and its employees, officers and directors with respect to certain matters, including liabilities arising out of any material untrue statements and omissions in the portions of the split-off prospectus-offer to exchange that were provided by Blockbuster. New Viacom will assume, and indemnify CBS Corp. for, Viacom's responsibility for losses in these matters pursuant to the separation agreement.

New 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 its understanding and evaluation of the relevant facts and circumstances, New Viacom 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.

CAPITALIZATION OF NEW VIACOM

The following table sets forth New Viacom's capitalization as of September 30, 2005 as reported in the combined condensed balance sheet included within the historical carve-out financial statements of New Viacom beginning on page F-1, and on a pro forma basis to reflect additional borrowings, the special cash dividend, the conversion of shares and other pro forma adjustments which are described in the section entitled " New Viacom Unaudited Pro Forma Combined Condensed Financial Information" beginning on page 158. This table should also be read together with New Viacom's combined historical carve-out financial statements and the notes thereto beginning on page F-1.

(in millions)	At September 30, 2005 (unaudited)	
	New Viacom Historical Carve-out	New Viacom Pro Forma
Cash and cash equivalents	\$ 99.2	\$ 99.2
Debt:		
Long-term debt		3,389.1 ⁽¹⁾
Capital lease obligations	328.8	328.8
Total Debt	328.8	3,717.9
Invested Equity/Stockholders' Equity:		
Class A common stock		.1
Class B common stock		.7
Additional paid-in capital		9,919.3 ⁽¹⁾
Invested capital	13,290.1	⁽¹⁾
Accumulated other comprehensive loss	(15.2)	(15.2)
Total Invested Equity/Stockholders' Equity	13,274.9	9,904.9
Total Capitalization	\$ 13,603.7	\$ 13,622.8

(1)

Special Cash Dividend

Shortly prior to the separation, New Viacom will pay a special cash dividend to Viacom (to be renamed CBS Corporation) in an amount sufficient to establish CBS Corp.'s opening debt balance from continuing operations at \$7 billion, subject to certain adjustments. New Viacom has received \$6.0 billion in financing commitments, subject to the satisfaction of customary conditions, for a bridge term facility that will be used to fund the special cash dividend and for general corporate purposes.

Based on Viacom's historical debt balance at September 30, 2005, New Viacom's unaudited pro forma combined condensed capitalization reflects a special cash dividend of \$3.4 billion. After taking into account acquisitions and dispositions of assets, operating cash flow and share repurchases, among other things, Viacom's debt balance is expected to be significantly higher at the time of the separation than at September 30, 2005, and, as a result, the special cash dividend is expected to be significantly higher than \$3.4 billion. Based on Viacom's debt level as of November 21, 2005, the special cash dividend would approximate \$4.8 billion.

NEW VIACOM SELECTED COMBINED FINANCIAL DATA

The following table presents the selected combined financial data of New Viacom. The selected combined financial data should be read in conjunction with, and is qualified in its entirety by reference to, New Viacom's combined financial statements and the notes thereto and the related "Management's Discussion and Analysis of New Viacom's Results of Operations and Financial Condition," each of which is included elsewhere in this Prospectus-Information Statement. The combined statements of operations data for the years ended December 31, 2004, 2003 and 2002 and the combined balance sheet data at December 31, 2004 and 2003 are derived from New Viacom's audited combined financial statements. The unaudited combined statements of operations data for the nine months ended September 30, 2005 and 2004 and for the years ended December 31, 2001 and 2000 are derived from New Viacom's accounting records for those periods and have been prepared on a basis consistent with New Viacom's audited combined financial statements. The unaudited combined balance sheet data at September 30, 2005 and at December 31, 2002, 2001 and 2000 is derived from New Viacom's accounting records for those periods and have been prepared on a basis consistent with New Viacom's audited combined financial statements.

The selected combined financial data is as reported in the historical carve-out financial statements of New Viacom beginning on page F-1. The selected combined financial data may not necessarily reflect New Viacom's results of operations and financial position in the future or what results of operations and financial position would have been had New Viacom been a separate, stand-alone company during the periods presented. The results for the nine months ended September 30, 2005 are not necessarily indicative of the results to be expected for the full year. For additional information, see " New Viacom Unaudited Pro Forma Combined Condensed Financial Information" and the notes thereto beginning on page 158.

Combined Statements of Operations Data
(in millions)

	Nine Months Ended September 30,		Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Revenues	\$ 6,885.9	\$ 5,628.4	\$ 8,132.2	\$ 7,304.4	\$ 6,050.7	\$ 5,497.6	\$ 5,021.1
Operating income	\$ 1,953.8	\$ 1,657.3	\$ 2,282.8	\$ 2,001.8	\$ 1,737.6	\$ 1,092.1	\$ 672.7
Net earnings from continuing operations	\$ 1,174.4	\$ 987.4	\$ 1,392.9	\$ 1,147.4	\$ 993.9	\$ 438.5	\$ 412.3

Combined Balance Sheet Data
(in millions)

	At December 31,					
	At September 30, 2005	2004	2003	2002	2001	2000
	(unaudited)			(unaudited)	(unaudited)	(unaudited)
Total assets	\$ 18,380.5	\$ 18,440.8	\$ 22,304.4	\$ 21,993.0	\$ 23,007.8	\$ 20,561.8
Capital lease obligations	\$ 328.8	\$ 345.1	\$ 202.2	\$ 170.0	\$ 183.9	\$ 217.8
Total invested equity	\$ 13,274.9	\$ 13,465.2	\$ 15,815.7	\$ 15,248.6	\$ 16,275.6	\$ 14,207.3

MANAGEMENT'S DISCUSSION AND ANALYSIS OF NEW VIACOM'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis provides information on the combined financial statements of New Viacom, which are presented on a carve-out basis.

Overview

The Separation. On June 14, 2005, the Viacom board of directors unanimously approved the separation of Viacom into two publicly traded companies consisting of the businesses of New Viacom and CBS Corp., subject to market conditions and the approval by the Viacom board of directors of the material terms of the separation and certain other matters.

On November 21, 2005, the Viacom board of directors determined that the merger and the separation are in the best interests of Viacom's stockholders and, accordingly, approved the merger agreement and the separation. On the same day, Viacom, New Viacom and Merger Sub executed the merger agreement and NAIRL, a wholly owned subsidiary of Viacom's controlling stockholder, NAI, executed a written consent adopting the merger agreement.

On the effective date, each outstanding share of Viacom class A common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock. Similarly, each outstanding share of Viacom class B common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock.

After the separation, the assets and liabilities of New Viacom will be accounted for at the historical book values carried by Viacom prior to the separation. No gain or loss will be recognized as a result of the separation. Total costs related to the spin-off will be allocated between New Viacom and CBS Corp. The combined carve-out financial statements may not necessarily reflect New Viacom's results of operations, financial position and cash flows in the future or what New Viacom's results of operations, financial position and cash flows would have been had New Viacom been a separate, stand-alone company during the periods presented.

New Viacom and CBS Corp. will enter into agreements to effect the separation and govern certain of the ongoing relationships between them after the separation. These agreements will include, among others, a separation agreement, a transition services agreement and a tax matters agreement. New Viacom and CBS Corp. will continue to be under common control of NAI, which will hold a majority of the class A common stock of both companies.

Segments. New Viacom is a worldwide entertainment company with operations in the following two segments:

Cable Networks: The Cable Networks segment consists of: MTV Networks, including MTV: Music Television, MTV2, Nickelodeon, Nick at Nite, Noggin, The N, Nicktoons Network, VH1, TV Land, Spike TV, CMT, Comedy Central, MTV Desi, MTV Español, mtvU, MTV Hits, MTV Jams, MTV Overdrive, VH1 Classic, VHUno, VH1 Soul, VH1 Country, Logo, Game One, VIVA, TMF, Paramount Comedy and Neopets; BET, which includes BET Jazz; and other program services including online programming services.

Entertainment: The Entertainment segment includes Paramount Pictures, which produces and distributes feature motion pictures, and Famous Music, which is involved in music publishing.

New Viacom's revenues from the Cable Networks segment accounted for 68% of New Viacom's revenues for the first nine months of 2005 and 69% for full year 2004, and its revenues from the Entertainment segment accounted for 32% of New Viacom's revenues for the first nine months of 2005 and 31% for the full year 2004.

Revenues. New Viacom has one of the largest collections of cable programming assets in the world, with leading global brands that are attractive advertiser venues. The leading New Viacom program services reach more than 165 territories through over 110 television channels presented in over 25 different languages and, as of April 2005, reached approximately 430 million subscriber households worldwide.

New Viacom's Cable Networks revenues depend on the strength of its brands, which significantly affect New Viacom's ability to attract and retain advertisers and affiliates. New Viacom's revenues depend, in part on its 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 New Viacom's distribution to specialized audiences and its focus on forging strong connections with its audiences determine whether New Viacom's networks are an attractive venue for advertisers and affiliates. As a result, New Viacom maintains a strong in-house research organization that focuses on identifying emerging behaviors and trends among core audiences, which New Viacom believes is a key competitive advantage. These factors, combined with New Viacom's integrated presence on a variety of digital and broadcast platforms, influence whether New Viacom can provide an efficient and reliable vehicle for advertisers to reach consumers and therefore significantly contribute to New Viacom's revenues.

Revenues from the Cable Networks segment are generated primarily 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 current or prospective advertisers' spending habits. Affiliate fees consist of subscription fees from cable television operators, DTH satellite operators and other distributors who carry New Viacom's networks. New Viacom's agreements with its 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 New Viacom's cable programming, the licensing and merchandising of its cable and consumer product worldwide and the syndication of cable programming. These revenues are driven primarily by the popularity of New Viacom's cable programming.

Cable Networks' revenue growth depends on the continued increase in new advertising revenues, the production of attractive content and the ability to successfully expand onto new distribution platforms such as wireless and the Internet. New Viacom expects to extend its brands into new forms of integrated digital distribution, such as broadband, online community, video-on-demand and high-definition programming. New Viacom aims to achieve this through a combination of organic growth, investment in its existing and complementary businesses, strategic relationships, and focused acquisitions that fit with its current brands and core competencies.

Revenues from the Entertainment segment are primarily generated from feature film exploitation, which includes all revenue sources from the exploitation of motion pictures in theatrical release, home entertainment, and other means, including network, pay television and syndication revenues. Other Entertainment revenues include revenues from music publishing. Entertainment's results of operations depend on the quality of and public response to New Viacom's films, New Viacom's ability to obtain creative talent and story properties, and New Viacom's films' distribution and marketing success.

New Viacom's strategy for future revenue growth in the Entertainment segment includes developing and marketing a broad range of motion pictures, attracting the best possible creative talent and motion picture projects, increasing its home entertainment operations in the United States and abroad, retaining a greater proportion of international rights for its theatrically released films, and beginning the self-distribution of its films in key international markets. The results of operations of Paramount Pictures also depend in part upon the expansion of its overseas portfolio, primarily through internal expansion and also through selective acquisitions. In addition, New Viacom intends to develop

synergies between its cable and entertainment businesses by leveraging its global distribution reach and the connection that it has built with its core audience.

Expenses.

Operating Expenses. Operating expenses represented approximately 68% of New Viacom's total expenses for the first nine months of 2005 and for full year 2004 and consist of the following:

Production and program expenses. In the Cable Networks segment, these expenses reflect the costs and amortization of all original and acquired programming exhibited on New Viacom's 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, theatrical inventory, 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 sales and licensing and merchandising of Cable Networks product.

Selling, General and Administrative Expenses. New Viacom's selling, general and administrative expenses primarily include expenses incurred for selling and marketing, occupancy, and back office support.

Depreciation and Amortization. New Viacom's depreciation and amortization primarily relates to buildings, leasehold improvements, equipment and transponders.

Acquisitions. On October 13, 2005, MTV Networks acquired IFILM Corp., which owns IFILM.com, a video-entertainment website. In the second quarter of 2005, MTV Networks acquired Neopets, a leading online destination and community for kids and young adults. In 2004, MTV Networks acquired VIVA, a youth entertainment media company based in Germany. MTV Networks also acquired the remaining 50% interest that it did not already own in Comedy Central in 2003 and in Noggin, the 24-hour digital network for kids, in 2002. New Viacom also intends to continue to pursue targeted acquisitions.

Critical Accounting Policies

Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies," which we refer to in this Prospectus-Information Statement 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 New Viacom's financial condition and results of operations, and requires significant judgment and estimates on the part of management in its application. For a summary of New Viacom's significant accounting policies, including the critical accounting policies discussed below, see the accompanying notes to the combined financial statements.

The preparation of New Viacom's 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 expenses during the reporting period. On an ongoing basis, New Viacom evaluates its estimates, which are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying

values of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions. The following accounting policies require significant management judgments and estimates.

Film and Cable Television Revenues and Costs. Accounting for the production and distribution of motion pictures is in accordance with Statement of Position 00-2 "Accounting by Producers or Distributors of Films," which we refer to in this Prospectus-Information Statement as "SOP 00-2," which requires management's judgment as it relates to total revenues to be received and costs to be incurred throughout the life of each program. These judgments are used to determine the amortization of capitalized production costs, expensing of participation and residual cost and any necessary net realizable value adjustments.

Returns and Uncollectible Accounts. At the time of sale of home entertainment product, New Viacom records as a reduction of revenue the estimated impact of returns, rebates and other incentives. In determining the estimate of home entertainment product sales that will be returned, management analyzes historical returns, current economic trends and changes in customer demand and acceptance of New Viacom's product. If the level of returns is underestimated in a particular period, New Viacom may record less revenue in later periods when returns exceed the predicted amount. Conversely, if the level of returns in a particular period is overestimated, New Viacom may have additional revenue in later periods when returns are less than predicted.

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. New Viacom used investment grade corporate bond yields to support its discount rate assumption. The expected return on plan assets assumption was derived using the current and expected asset allocation of the pension plan assets and considering historical as well as expected returns on various classes of plan assets. For 2004, the unrecognized actuarial loss for pension increased principally as a result of lowering the discount rate for New Viacom's major plans from 6.0% in 2003 to 5.75% in 2004. 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 \$2 million on 2005 pension expense and will change the projected benefit obligation by approximately \$16 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 million.

Taxes. New Viacom's annual tax rate is based on our earnings, statutory tax rates and tax planning opportunities available to New Viacom in the various jurisdictions in which it operates. Significant judgment is required in determining the annual tax rate and in evaluating New Viacom's 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. New Viacom considers tax benefits from the resolution of prior year tax matters to be such items. Estimates of 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. New Viacom also establishes reserves when New Viacom believes that certain positions, while supportable, may be subject to challenge 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. New Viacom tests goodwill and other intangible assets for impairment at least annually to ensure the fair value of its reporting units continue to exceed the related book value in accordance with SFAS 142. A reporting unit can be a reportable segment of New Viacom 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. Additionally, New Viacom assesses the recoverability of the carrying value of long-lived assets when there is an indication that the asset may be impaired. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows generated by those assets to their net carrying value. The determination of the cash flows in testing goodwill, intangibles and long-lived assets is based upon assumptions and forecasts that may not occur. New Viacom did not record any impairment charges during the years presented for continuing operations.

Acquisitions. New Viacom accounts for its business acquisitions under the purchase method of accounting. The total cost of acquisitions is allocated to the underlying net assets, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the tangible net assets acquired is recorded as intangibles. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items.

Combined Results of Operations Nine Months Ended September 30, 2005 vs. Nine Months Ended September 30, 2004.

(Tabular dollars in millions)

The following table sets forth results of operations of New Viacom:

	Nine Months Ended September 30,	
	2005	2004
Revenues	\$ 6,885.9	\$ 5,628.4
Expenses:		
Operating	3,342.3	2,604.0
Selling, general and administrative	1,404.3	1,188.2
Depreciation and amortization	185.5	178.9
Total expenses	4,932.1	3,971.1
Operating income	1,953.8	1,657.3
Interest expense	(15.0)	(13.7)
Interest income	4.9	2.4
Other items, net	(19.1)	(4.8)
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	1,924.6	1,641.2
Provision for income taxes	(754.4)	(599.1)
Equity in earnings (loss) of affiliated companies, net of tax	7.5	(52.7)
Minority interest, net of tax	(3.3)	(2.0)
Net earnings from continuing operations	1,174.4	987.4

Discontinued operations:(a)

Edgar Filing: VIACOM INC - Form S-4/A

Loss from discontinued operations, net of minority interest	(99.6)	(1,130.6)
Income taxes, net of minority interest	52.7	43.7
Net loss from discontinued operations	(46.9)	(1,086.9)
Net earnings (loss)	\$ 1,127.5	\$ (99.5)

(a) Discontinued operations include Blockbuster and Famous Players, a Canadian-based theater chain.

Edgar Filing: VIACOM INC - Form S-4/A

Revenues. For the nine months ended September 30, 2005, revenues of \$6.9 billion increased \$1.3 billion, or 22%, from \$5.6 billion for the same prior-year period driven by 18% and 31% respective increases in Cable Networks and Entertainment.

New Viacom generated approximately 21% and 19% of its total revenues from international regions, principally Europe and Canada, for the nine months ended September 30, 2005 and September 30, 2004, respectively.

The table below presents New Viacom's combined revenues by type, net of intercompany eliminations, for the nine months ended September 30, 2005 and 2004.

Nine Months Ended September 30,	2005	Percentage of Total	2004	Percentage of Total	Increase/(Decrease)	
					\$	%
Advertising sales	\$ 2,798.5	40%	\$ 2,339.3	42%	\$ 459.2	20%
Feature film exploitation	2,115.4	31	1,594.8	28	520.6	33
Affiliate fees	1,358.7	20	1,227.9	22	130.8	11
Other	613.3	9	466.4	8	146.9	31
Total Revenues	\$ 6,885.9	100%	\$ 5,628.4	100%	\$ 1,257.5	22%

Operating Expenses. For the nine months ended September 30, 2005, operating expenses of \$3.3 billion increased \$738.3 million, or 28%, from \$2.6 billion with Cable Networks up 22% and Entertainment up 32% compared to the same prior-year period.

The table below presents New Viacom's combined operating expenses by type:

Nine Months Ended September 30,	2005	Percentage of Total	2004	Percentage of Total	Increase/(Decrease)	
					\$	%
Production and program	\$ 2,248.2	67%	\$ 1,650.3	63%	\$ 597.9	36%
Distribution	943.4	28	803.5	31	139.9	17
Other	150.7	5	150.2	6	.5	
Total Operating Expenses	\$ 3,342.3	100%	\$ 2,604.0	100%	\$ 738.3	28%

The major changes in operating expenses were as follows:

Production and program expenses for the nine months increased \$597.9 million, or 36%, to \$2.2 billion from \$1.7 billion in the same prior-year period with Cable Networks up 26% and Entertainment up 54%.

Distribution expenses for the nine months increased \$139.9 million, or 17%, to \$943.4 million from \$803.5 million, primarily reflecting higher feature film distribution costs for theatrical releases and home entertainment sales of DVDs.

Other operating expenses for the nine months increased \$.5 million, to \$150.7 million from \$150.2 million.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased \$216.1 million, or 18%, to \$1.4 billion for the nine months ended September 30, 2005, primarily reflecting higher advertising, marketing, employee compensation and the inclusion of nine months of VIVA expenses in only the 2005 period given its acquisition date of August 2004. The 2005 nine-month period also reflected higher bad debt expense as the prior year included a reversal of previously established bad debt reserves no longer required. These increases were partially offset by severance charges of \$28.1 million recorded in the second quarter of 2004 due to management changes.

Selling, general and administrative expenses as a percentage of revenues decreased to 20% for the nine months ended September 30, 2005 versus 21% for the same prior-year period.

Edgar Filing: VIACOM INC - Form S-4/A

Depreciation and Amortization. For the nine months ended September 30, 2005, depreciation and amortization of \$185.5 million increased \$6.6 million, or 4%, from \$178.9 million.

Interest Expense. Interest expense is primarily attributable to capitalized lease obligations. For the nine months ended September 30, 2005, interest expense increased \$1.3 million to \$15.0 million.

Interest Income. For the nine months ended September 30, 2005, interest income increased \$2.5 million to \$4.9 million.

Other Items, Net. For the nine months ended September 30, 2005, "Other items, net" reflected a net loss of \$19.1 million primarily consisting of losses of \$10.9 million associated with securitizing trade receivables and foreign exchange losses of \$8.7 million.

For the nine months ended September 30, 2004, "Other items, net" reflected a net loss of \$4.8 million principally reflecting losses of \$4.8 million associated with securitizing trade receivables.

Provision for Income Taxes. The provision for income taxes represents federal, state and local, and foreign income taxes on earnings before income taxes. For the nine months ended September 30, 2005, New Viacom's effective tax rate of 39.2%, reflecting a benefit from a \$12.6 million discrete item, increased from 36.5% for the same prior-year period, as the prior year included a tax benefit of \$54.1 million from the resolution of certain of New Viacom's income tax audits.

Equity in Earnings (Loss) of Affiliated Companies, Net of Tax. Equity in earnings (loss) of affiliated companies, net of tax, reflects the operating results of New Viacom's equity investments.

Minority Interest, Net of Tax. Minority interest primarily represented the minority ownership of VIVA and certain international pay television companies.

Net Loss from Discontinued Operations. Net loss from discontinued operations reflect the operating results of Famous Players prior to its disposition on July 22, 2005. Also included in the prior-year period were the operating results of Blockbuster, which was split-off from Viacom in 2004. For the nine months ended September 30, 2005, discontinued operations reflected a net loss of \$46.9 million versus \$1.1 billion for the same prior-year period. In 2004, the loss from discontinued operations included a non-cash charge of \$1.5 billion (\$1.2 billion net of minority interest and tax) for the impairment of goodwill and other long-lived assets in accordance with SFAS 142 and SFAS 144.

Net Earnings (Loss). New Viacom reported net earnings of \$1.1 billion for the nine months ended September 30, 2005 compared with a net loss of \$99.5 million for the prior-year period. Growth in net earnings reflected revenue growth of 22% for the nine months ended September 30, 2005 and the absence of a non-cash charge of \$1.2 billion recorded in discontinued operations in the prior-year period, partially offset by an increase in expenses of 24%.

Segment Results of Operations For the Nine Months Ended September 30, 2005 and 2004

The tables below present New Viacom's revenues, operating income, and depreciation and amortization by segment for the nine months ended September 30, 2005 and 2004.

Nine Months Ended September 30,	2005	2004
Revenues:		
Cable Networks	\$ 4,696.1	\$ 3,977.1
Entertainment	2,207.7	1,687.8
Eliminations	(17.9)	(36.5)
Total Revenues	\$ 6,885.9	\$ 5,628.4

Operating Income:		
Cable Networks	\$ 1,896.3	\$ 1,642.0
Entertainment	163.8	108.6
Corporate expenses	(110.7)	(94.5)
Eliminations	4.4	1.2
Total Operating Income	\$ 1,953.8	\$ 1,657.3

Depreciation and Amortization:		
Cable Networks	\$ 165.7	\$ 159.1
Entertainment	14.8	12.7
Corporate expenses	5.0	7.1
Total Depreciation and Amortization	\$ 185.5	\$ 178.9

Cable Networks. Cable Networks contributed 68% and 71% to combined revenues for the nine months ended September 30, 2005 and September 30, 2004, respectively.

The table below presents Cable Networks revenues by type for the nine months ended September 30, 2005 and 2004:

	Nine Months Ended September 30,		
	2005	2004	Increase/ (Decrease)
Advertising sales	\$ 2,846.7	\$ 2,376.6	\$ 470.1
Affiliate fees	1,358.7	1,227.9	130.8
Other	490.7	372.6	118.1
Total Revenues	\$ 4,696.1	\$ 3,977.1	\$ 719.0

Edgar Filing: VIACOM INC - Form S-4/A

For the nine months ended September 30, 2005, Cable Networks revenues increased \$719.0 million, or 18%, to \$4.7 billion. Approximately 14% of Cable Networks revenues were generated from international regions, principally Europe, for the nine months ended September 30, 2005 compared with 12% for the nine months ended September 30, 2004.

Advertising revenues at MTV Networks grew 20%, reflecting an overall increase in the number of units sold and higher average rates at domestic channels. BET advertising revenues increased 23% due to higher rates and an increase in the number of units sold. Cable affiliate fees increased 11% for the nine months, driven by rate increases and subscriber growth. Other revenues for Cable Networks, which represented approximately 10% of Cable Networks revenues for the nine months ended September 30, 2005, increased 32% primarily from increased worldwide syndication revenue and higher home entertainment revenues. VIVA, which was acquired in August 2004, contributed 2% of Cable Networks revenue growth for the nine months, or \$89.9 million.

For the nine months ended September 30, 2005, Cable Networks operating income increased \$254.3 million, or 15%, to \$1.9 billion, reflecting higher revenues partially offset by increased expenses. The increase in total expenses was principally driven by higher programming costs and marketing and advertising, as well as the inclusion of VIVA, which contributed 4% to the total expense growth for the nine months. Operating expenses, principally comprised of programming and production costs for the cable channels, increased 22% or \$277.4 million. Selling, general and administrative expenses increased 20% or \$180.7 million, of which the reversal of previously established bad debt reserves in 2004 contributed 2%. Operating income as a percentage of revenues decreased to 40% in 2005 from 41% in 2004. Capital expenditures for Cable Networks were \$89.2 million for the nine months ended September 30, 2005 versus \$46.7 million for the prior-year period.

On October 13, 2005, MTV Networks acquired IFILM Corp., which owns IFILM.com, a video-entertainment website, for \$49.0 million. In the second quarter of 2005, MTV Networks acquired Neopets Inc., a leading children's website, for approximately \$160.0 million.

Entertainment. Entertainment contributed 32% to combined revenues for the nine months ended September 30, 2005 and 30% for 2004.

The table below presents Entertainment's revenues by type for the nine months ended September 30, 2005 and 2004:

	Nine Months Ended September 30,		
	2005	2004	Increase/ (Decrease)
Feature film exploitation	\$ 2,135.3	\$ 1,615.5	\$ 519.8
Other	72.4	72.3	.1
Total Revenues	\$ 2,207.7	\$ 1,687.8	\$ 519.9

For the nine months ended September 30, 2005, Entertainment revenues increased \$519.9 million, or 31%, to \$2.2 billion, driven by higher feature film exploitation revenues. Approximately 37% and 36% of Entertainment's revenues were generated from international regions, principally Europe and Canada, for the nine months ended September 30, 2005 and 2004.

For the nine months ended September 30, 2005, feature film exploitation revenues increased \$519.8 million, or 32%, to \$2.1 billion primarily due to increased worldwide theatrical and home entertainment revenues, partially offset by decreased network revenues. The increase in worldwide theatrical revenues was led by contributions from *War of the Worlds*, *The Longest Yard*, *Sahara*, *Coach Carter* and *Four Brothers*. Home entertainment revenues were higher than the same prior-year period, driven by contributions from *The SpongeBob SquarePants Movie*, *Lemony Snicket's A Series of Unfortunate Events*, *The Longest Yard*, *Sahara* and *Without A Paddle*. Network revenues were lower due to a change in mix of available titles. Other revenues, primarily from music publishing, increased \$.1 million to \$72.4 million from \$72.3 million.

Entertainment operating income for the nine months ended September 30, 2005 increased \$55.2 million, or 51%, to \$163.8 million from \$108.6 million in the same prior-year period. The increase in operating income was driven by higher revenues, partially offset by a 29% increase in expenses due to higher distribution, film amortization, participation and residual expenses, and higher expenses associated with home entertainment growth initiatives. Operating income as a percentage of revenues increased to 7% from 6% for the nine months ended September 30, 2005. Capital expenditures for Entertainment were \$29.4 million for the nine months ended September 30, 2005 compared to \$18.8 million for the prior-year period.

Combined Results of Operations 2004 vs. 2003 and 2003 vs. 2002

The following table sets forth results of operations for New Viacom:

Year Ended December 31,	2004	2003	2002
Revenues	\$ 8,132.2	\$ 7,304.4	\$ 6,050.7
Expenses:			
Operating	3,988.3	3,729.5	2,957.2
Selling, general and administrative	1,609.5	1,375.2	1,161.2
Depreciation and amortization	251.6	197.9	194.7
Total expenses	5,849.4	5,302.6	4,313.1
Operating income	2,282.8	2,001.8	1,737.6
Interest expense	(24.2)	(23.2)	(40.9)
Interest income	3.3	2.2	4.3
Other items, net	(17.7)	(24.6)	(29.3)
Earnings from continuing operations before income taxes, equity in loss of affiliated companies and minority interest	2,244.2	1,956.2	1,671.7
Provision for income taxes	(808.2)	(787.6)	(644.7)
Equity in loss of affiliated companies, net of tax	(40.0)	(18.2)	(30.9)
Minority interest, net of tax	(3.1)	(3.0)	(2.2)
Net earnings from continuing operations	1,392.9	1,147.4	993.9
Discontinued operations:(a)			
Earnings (loss) from discontinued operations, net of minority interest	(1,196.5)	(719.4)	246.8
Income taxes, net of minority interest	97.3	(83.4)	(79.1)
Net earnings (loss) from discontinued operations	(1,099.2)	(802.8)	167.7
Net earnings before cumulative effect of accounting change	293.7	344.6	1,161.6
Cumulative effect of accounting change, net of minority interest and tax		(6.1)	(1,480.9)
Net earnings (loss)	\$ 293.7	\$ 338.5	\$ (319.3)

(a)

Discontinued operations include Blockbuster and Famous Players, a Canadian-based theater chain.

Revenues. New Viacom's revenues for 2004 of \$8.1 billion increased \$827.8 million, or 11%, from \$7.3 billion for 2003, driven by a 20% increase in revenues from Cable Networks, partially offset by a decline in Entertainment revenues of 5%. For 2003, New Viacom's

Edgar Filing: VIACOM INC - Form S-4/A

revenues increased \$1.3 billion, or 21%, from \$6.1 billion in 2002, driven by growth in Cable Networks and Entertainment revenues of 25% and 16%, respectively.

New Viacom's combined revenues for the periods presented benefited from the acquisitions of VIVA, Comedy Central and Noggin. For 2004, these acquisitions contributed \$306.1 million of incremental revenues, or 4% to New Viacom's revenue growth, and, for 2003, incremental revenues were \$291.8 million, contributing 5% of the revenue growth for the year. Revenues also benefited from the positive impact of foreign exchange of \$98.4 million in 2004 and \$105.8 million in 2003.

Edgar Filing: VIACOM INC - Form S-4/A

The tables below present New Viacom's combined revenues by type, net of intercompany eliminations, for each of the years ended December 31, 2004, 2003 and 2002.

Year Ended December 31,	Increase/(Decrease)				Increase/(Decrease)			
	2004	2003	2004 vs. 2003		2002	2003 vs. 2002		
Advertising sales	\$ 3,349.6	\$ 2,769.0	\$ 580.6	21%	\$ 2,230.1	\$ 538.9	24%	
Feature film exploitation	2,394.5	2,561.7	(167.2)	(7)	2,214.2	347.5	16	
Affiliate fees	1,640.3	1,448.4	191.9	13	1,230.1	218.3	18	
Other	747.8	525.3	222.5	42	376.3	149.0	40	
Total Revenues	\$ 8,132.2	\$ 7,304.4	\$ 827.8	11%	\$ 6,050.7	\$ 1,253.7	21%	

Percentage of Revenues by Type	Year Ended December 31,		
	2004	2003	2002
Advertising sales	41%	38%	37%
Feature film exploitation	30	35	37
Affiliate fees	20	20	20
Other	9	7	6
Total	100%	100%	100%

New Viacom generated approximately 21% of its total revenues from international regions in 2004 and 2003 and 20% in 2002.

Year Ended December 31,	2004		2003		2002	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
United Kingdom	\$ 450.2	26%	\$ 450.5	30%	\$ 307.7	26%
Other Europe	717.8	42	514.1	34	512.7	43
Canada	125.6	7	134.4	9	84.7	7
All other	420.6	25	414.5	27	283.7	24
Total International Revenues	\$ 1,714.2	100%	\$ 1,513.5	100%	\$ 1,188.8	100%

Operating Expenses. For 2004, operating expenses of \$4.0 billion increased \$258.8 million, or 7%, from \$3.7 billion in 2003. For 2003, operating expenses increased \$772.3 million, or 26%, from \$3.0 billion in 2002.

The table below presents New Viacom's combined operating expenses by type:

	Increase/(Decrease)	Increase/(Decrease)
--	---------------------	---------------------

Edgar Filing: VIACOM INC - Form S-4/A

Year Ended December 31,	2004		2003		2004 vs. 2003		2002		2003 vs. 2002			
Production and program expenses	\$	2,408.1	\$	2,135.4	\$	272.7	13%	\$	1,668.2	\$	467.2	28%
Distribution		1,290.3		1,370.8		(80.5)	(6)		1,126.8		244.0	22
Other		289.9		223.3		66.6	30		162.2		61.1	38
Total Operating Expenses	\$	3,988.3	\$	3,729.5	\$	258.8	7%	\$	2,957.2	\$	772.3	26%

The major changes in operating expenses were as follows:

Production and program expenses of \$2.4 billion in 2004 increased \$272.7 million, or 13%, from \$2.1 billion in 2003 with an increase in Cable Networks of 23%, partially offset by a decrease in Entertainment of 4%. For 2003, production and program expenses increased \$467.2 million, or 28%,

from \$1.7 billion in 2002 with increases at Cable Networks and Entertainment of 31% and 21%, respectively.

Distribution expenses of \$1.3 billion in 2004 decreased \$80.5 million, or 6%, from \$1.4 billion in 2003 primarily reflecting lower distribution costs for home entertainment releases of feature films. Distribution expenses for 2003 increased \$244.0 million, or 22%, from \$1.1 billion in 2002 principally reflecting higher print and advertising costs for feature films in theatrical release.

Other operating expenses increased \$66.6 million, or 30%, to \$289.9 million in 2004 and \$61.1 million, or 38%, to \$223.3 million in 2003, primarily 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 increased \$234.3 million, or 17%, to \$1.6 billion in 2004, primarily reflecting higher employee-related expenses, second quarter 2004 severance charges of \$28.1 million due to management changes, as well as twelve months of expenses for Comedy Central.

For 2003, selling, general and administrative expenses increased \$214.0 million, or 18%, to \$1.4 billion reflecting expenses associated with Comedy Central, increased employee-related expenses and higher directors' and officers' insurance premiums and professional fees. Selling, general and administrative expenses as a percentage of revenues were 20% for the year ended December 31, 2004 and 19% for the years ended December 31, 2003 and 2002.

Depreciation and Amortization. For 2004, depreciation and amortization increased \$53.7 million, or 27%, to \$251.6 million from \$197.9 million in 2003 primarily reflecting increases related to leasehold improvements, equipment and transponders. For 2003, depreciation and amortization increased \$3.2 million, or 2%, from \$194.7 million principally driven by increases related to leasehold improvements.

Interest Expense. Interest expense is primarily attributable to capitalized lease obligations. For 2004, interest expense increased by \$1.0 million to \$24.2 million from \$23.2 million in 2003. For 2003, interest expense decreased by \$17.7 million from \$40.9 million primarily due to interest paid in 2002 on a legal settlement.

Interest Income. For 2004, interest income increased by \$1.1 million to \$3.3 million and for 2003, interest income decreased by \$2.1 million to \$2.2 million versus the comparable prior-year period.

Other Items, Net. "Other items, net" reflected a net loss of \$17.7 million for 2004, \$24.6 million for 2003 and \$29.3 million for 2002, principally consisting of losses associated with securitizing trade receivables of \$7.7 million, \$5.7 million and \$7.2 million, respectively, and foreign exchange losses of \$9.3 million for 2004, \$18.9 million for 2003 and \$22.3 million for 2002.

Provision for Income Taxes. The provision for income taxes represents federal, state, local and foreign income taxes on earnings before income taxes. The annual effective tax rate before the cumulative effect of accounting change was 36.0% in 2004 versus 40.3% in 2003 and 38.6% in 2002. Included in the 2004 rate was the recognition of a tax benefit from the resolution of certain income tax audits in 2004.

Equity in Loss of Affiliated Companies, Net of Tax. "Equity in loss of affiliated companies, net of tax" reflected a loss of \$40.0 million for 2004, \$18.2 million for 2003 and \$30.9 million for 2002. For 2004, the loss principally reflected losses from the sale of international theater ventures and from internet investments, partially offset by the positive results from international ventures. For 2003 and

2002, results principally reflected operating losses from international ventures, partially offset by the positive results of Comedy Central prior to its acquisition in May 2003.

Minority Interest, Net of Tax. Minority interest primarily represented the minority ownership of certain international pay television companies.

Net Earnings (Loss) from Discontinued Operations. Net earnings (loss) from discontinued operations reflect the operating results of Blockbuster and Famous Players. Discontinued operations reflected a loss of \$1.1 billion in 2004 versus a loss of \$802.8 million in 2003 and earnings of \$167.7 million in 2002. 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 accordance with SFAS 142 and SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS 144"). Blockbuster performed an interim impairment test of its goodwill during the third quarter of 2004 because of factors surrounding Viacom's exchange offer for the split-off of Blockbuster.

In 2003, New Viacom 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 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 its 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 Minority Interest and Tax. 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". For 2002, the cumulative effect of accounting change of \$1.5 billion (net of minority interest of \$336.1 million), resulted from the initial adoption of SFAS 142.

Net Earnings (Loss). For 2004, New Viacom reported net earnings of \$293.7 million versus net earnings of \$338.5 million in 2003 and a net loss of \$319.3 million in 2002. 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. For 2003, net earnings reflected revenue growth in advertising, feature film exploitation, and affiliate fees partially offset by a non-cash charge of \$1.0 billion, net of minority interest and tax, reflected in discontinued operations and higher operating expenses, primarily programming and production costs.

Edgar Filing: VIACOM INC - Form S-4/A

Segment Results of Operations For the Years Ended December 31, 2004, 2003 and 2002

The tables below present New Viacom's revenues, operating income, and depreciation and amortization by segment for each of the years ended December 31, 2004, 2003 and 2002.

	Year Ended December 31,		
	2004	2003	2002
Revenues:			
Cable Networks	\$ 5,634.9	\$ 4,711.1	\$ 3,775.8
Entertainment	2,513.7	2,655.8	2,297.8
Eliminations	(16.4)	(62.5)	(22.9)
Total Revenues	\$ 8,132.2	\$ 7,304.4	\$ 6,050.7
Operating Income (Loss):			
Cable Networks	\$ 2,265.0	\$ 1,928.9	\$ 1,555.6
Entertainment	154.2	189.7	267.3
Corporate expenses	(128.1)	(103.8)	(91.7)
Eliminations(a)	(8.3)	(13.0)	6.4
Total Operating Income	\$ 2,282.8	\$ 2,001.8	\$ 1,737.6
Depreciation and Amortization:			
Cable Networks	\$ 223.2	\$ 171.4	\$ 167.4
Entertainment	19.0	16.8	17.5
Corporate	9.4	9.7	9.8
Total Depreciation and Amortization	\$ 251.6	\$ 197.9	\$ 194.7

(a) Eliminations principally reflect the timing of intercompany transactions from the sale of feature films to cable networks.

Cable Networks. Cable Networks contributed 69% of combined revenues for the year ended December 31, 2004, 64% for the year ended December 31, 2003 and 62% for the year ended December 31, 2002.

The table below presents Cable Networks' revenues by type for each of the years ended December 31, 2004, 2003 and 2002.

Year Ended December 31,	2004	2003	2002	Increase/(Decrease)	
				2004 vs. 2003	2003 vs. 2002
Advertising sales	\$ 3,410.2	\$ 2,819.0	\$ 2,237.9	21%	26%
Affiliate fees	1,640.3	1,448.4	1,230.1	13%	18%
Other	584.4	443.7	307.8	32%	44%

Total Revenues	\$	5,634.9	\$	4,711.1	\$	3,775.8	20%	25%
-----------------------	----	---------	----	---------	----	---------	-----	-----

2004 vs. 2003. For 2004, Cable Networks revenues increased \$923.8 million, or 20%, to \$5.6 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. Approximately 13% of Cable Networks revenues were generated from international regions, of which approximately 73% came from Europe. Total international revenues growth was 35%, led by Europe, and domestic revenues grew 18%. The positive impact of foreign exchange on revenues was \$47.8 million in 2004.

Advertising sales, which represented 61% of total revenues in 2004 and 60% in 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 31% of total revenues in 2004 and 2003, respectively, was principally driven by rate increases and subscriber growth at domestic channels. Other revenues, which primarily include home entertainment sales, syndication fees, merchandising and licensing, and publishing revenues, increased \$140.7 million, or 32%, benefiting from increases in Nickelodeon merchandising and licensing and higher home entertainment revenues led by Chappelle's Show DVD and higher international syndication sales.

For 2004, Cable Networks operating income increased \$336.1 million, or 17%, to \$2.3 billion reflecting higher revenues, partially offset by a 21% increase in total expenses. The increase in total expenses for the year included an increase in operating expenses of \$353.3 million, or 23%, 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 \$182.4 million, or 17%, 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. The negative impact of foreign exchange on total expenses was \$40.8 million. Operating income as a percentage of revenues was 40% for 2004 and 41% for 2003. Capital expenditures for Cable Networks were \$86.9 million for 2004 versus \$81.7 million for 2003.

In 2004, New Viacom acquired 97.8% of VIVA for a total purchase price of \$393.6 million. VIVA results are included as part of MTV Networks, contributing \$63.0 million of revenues to Cable Networks since the date of acquisition, and contributing 2% to the total expense increase. Comedy Central, which was acquired in May 2003, contributed 5% to Cable Networks revenue growth for 2004.

2003 vs. 2002. For 2003, Cable Networks revenues increased \$935.3 million, or 25%, to \$4.7 billion principally driven by \$581.1 million, or 26%, growth in advertising sales and a \$218.3 million, or 18%, increase in affiliate fees. Total international revenues growth was 17%, led by Europe, and total domestic revenues growth was 26%. In both 2003 and 2002, approximately 12% of Cable Networks revenues were generated from international regions, of which approximately 72% and 74%, respectively, came from Europe. The positive impact of foreign exchange on revenues was \$34.7 million in 2003.

The increase in advertising sales, which represented 60% of total revenues, reflected 27% growth at MTV Networks principally due to selling more units and higher average unit rates and the impact of Comedy Central. MTV Networks advertising revenues growth was led by Comedy Central, MTV, Nickelodeon and Nick at Nite, and VH1. BET delivered 17% advertising sales growth in 2003 over the prior year as a result of higher average unit rates. The growth in affiliate fees, which represented 31% of total revenues, was primarily due to rate and subscriber increases at MTV Networks domestic channels, BET and the impact of Comedy Central. Other revenues increased 44% reflecting higher licensing revenues at Nickelodeon and higher home entertainment sales.

For 2003, Cable Networks operating income increased \$373.3 million, or 24%, to \$1.9 billion reflecting higher revenues, partially offset by increases in total expenses of 25%. Operating expenses increased \$380.8 million, or 33%, led by increases for new programming initiatives, primarily at MTV, Spike, VH1 and Nickelodeon and the impact of Comedy Central. Selling, general and administrative expenses increased \$177.3 million, or 20%, primarily due to higher marketing costs at MTV Networks and the inclusion of Comedy Central. The negative impact of foreign exchange on expenses was \$22.3 million. Operating income as a percentage of revenues was 41% for 2003 and 2002. Cable Networks capital expenditures were \$81.7 million for 2003 versus \$87.7 million for 2002.

Comedy Central, which was acquired in May 2003, contributed 7% to Cable Networks revenue growth and 6% to the total expense increase. The results for 2003 also included the full year impact of Noggin, which was acquired in 2002.

Entertainment. Entertainment contributed 31% of combined revenues for the year ended December 31, 2004, 36% for the year ended December 31, 2003 and 38% for the year ended December 31, 2002.

The table below presents Entertainment's revenues by type for each of the years ended December 31, 2004, 2003 and 2002.

Year Ended December 31,	2004	2003	2002	Increase/(Decrease)	
				2004 vs 2003	2003 vs 2002
Feature film exploitation	\$ 2,425.4	\$ 2,576.7	\$ 2,220.2	(6)%	16%
Other	88.3	79.1	77.6	12%	2%
Total Revenues	\$ 2,513.7	\$ 2,655.8	\$ 2,297.8	(5)%	16%

2004 vs. 2003. For 2004, Entertainment revenues decreased \$142.1 million, or 5%, to \$2.5 billion principally reflecting lower feature film exploitation revenues, partially offset by higher other revenues from music 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 the release of 16 films 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. The impact of foreign exchange translation on Entertainment revenues was approximately \$50.6 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 for home entertainment product and lower print and advertising costs. Feature film amortization expense for 2004 of \$1.1 billion was essentially flat versus 2003. 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. Operating income as a percentage of revenues was 6% in 2004 versus 7% in 2003. Entertainment capital expenditures were \$29.2 million for 2004 versus \$27.6 million for 2003.

License fees for television exhibition of completed motion pictures are recorded as revenue in the period that the products are available for such exhibition, which, among other reasons, may cause substantial fluctuation in operating results. Unrecognized revenues attributable to such licensing agreements were approximately \$1.2 billion as of December 31, 2004 and 2003 including intercompany revenues of \$65.9 million and \$68.9 million, respectively.

2003 vs. 2002. For 2003, Entertainment revenues increased \$358.0 million, or 16%, to \$2.7 billion principally reflecting higher feature film exploitation revenues.

Feature film exploitation revenues increased \$356.5 million, or 16%, principally due to increased worldwide home entertainment, international theatrical and pay television revenues, partially offset by lower network and domestic theatrical revenues. Worldwide home entertainment revenues increased 29% and included contributions from *The Adventures of Indiana Jones the Complete DVD Movie Collection*, *How To Lose A Guy in 10 Days* and *The Italian Job*. Foreign theatrical revenues increased 23% primarily due to contributions from *How To Lose A Guy In 10 Days*, *Lara Croft Tomb Raider: The*

Cradle Of Life and *The Italian Job*. Domestic theatrical revenues were 1% lower than the prior year due in part to fewer titles in domestic theatrical release, 14 in 2003 versus 19 in 2002. Other revenues, primarily from music publishing, increased \$1.5 million, or 2%, to \$79.1 million in 2003.

For 2003, Entertainment operating income decreased \$77.6 million, or 29%, to \$189.7 million, as the revenue increases noted above were more than offset by increased film distribution and amortization costs. Operating income as a percentage of revenues was 7% in 2003 versus 12% in 2002. Entertainment capital expenditures were \$27.6 million for 2003 versus \$28.7 million for 2002.

Financial Position

September 30, 2005 vs. December 31, 2004. Current assets decreased by \$242.2 million to \$2.4 billion at September 30, 2005 from \$2.6 billion at December 31, 2004, reflecting decreases in receivables, cash and cash equivalents and inventory, partially offset by increases in prepaid expenses and other current assets. The allowance for doubtful accounts as a percentage of receivables increased to 8.0% at September 30, 2005 from 6.4% at December 31, 2004 principally due to additional reserves needed for affiliate customers.

Net property and equipment remained relatively flat at \$1.1 billion at September 30, 2005 as compared to December 31, 2004, as capital expenditures and additional capital leases were substantially offset by depreciation expense.

Goodwill increased \$105.9 million to \$10.4 billion at September 30, 2005 primarily due to the acquisition of Neopets, Inc.

Current liabilities decreased \$169.1 million to \$2.6 billion at September 30, 2005 from \$2.8 billion at December 31, 2004 primarily due to decreases in accrued compensation, participation liabilities and other current liabilities principally due to the timing of payments.

December 31, 2004 vs. December 31, 2003. Current assets decreased \$586.5 million to \$2.6 billion at December 31, 2004 from \$3.2 billion at December 31, 2003 primarily due to a \$980.9 million decrease in current assets of discontinued operations reflecting the split-off of Blockbuster. This decrease was partially offset by increases in receivables and cash and cash equivalents. The allowance for doubtful accounts as a percentage of receivables was 6.4% at December 31, 2004 compared with 7.4% at December 31, 2003.

Net property and equipment increased to \$1.1 billion at December 31, 2004 from \$1.0 billion at December 31, 2003 primarily reflecting capital expenditures of \$140.5 million and the addition of capital leases of \$91.9 million partially offset by depreciation expense of \$190.9 million. Goodwill increased \$226.9 million to \$10.3 billion at December 31, 2004 from \$10.0 billion at December 31, 2003 primarily reflecting the purchase of VIVA.

Other assets of discontinued operations decreased by \$3.9 billion reflecting the split-off of Blockbuster.

Current liabilities decreased \$980.6 million to \$2.8 billion primarily due to a \$1.3 billion decrease in current liabilities of discontinued operations, partially offset by increases of \$64.1 million in participants' share and royalties payable, primarily for feature films and \$111.4 million of accrued expenses and accrued compensation.

Cash Flows

Nine Months Ended September 30, 2005 vs. September 30, 2004. Cash and cash equivalents decreased by \$50.8 million for the nine months ended September 30, 2005. The change in cash and cash equivalents was as follows:

	Nine Months Ended September 30,	
	2005	2004
Cash provided by operating activities	\$ 1,284.0	\$ 1,631.1
Cash provided by investing activities	40.9	146.5
Cash used for financing activities	(1,375.7)	(1,778.3)
Decrease in cash and cash equivalents	\$ (50.8)	\$ (.7)

Operating Activities. Cash provided by operating activities of \$1.3 billion for the nine months ended September 30, 2005 decreased \$347.1 million versus the same prior-year period. The decrease was principally due to a higher level of investment in theatrical inventory in 2005 and higher cash taxes paid in 2005, partially offset by higher net earnings from continuing operations in 2005.

New Viacom's income taxes are presented in the historical carve-out financial statements under the separate return method. Accordingly, cash taxes paid for New Viacom were calculated as if New Viacom was a stand-alone taxpayer and included in the operating activities.

Investing Activities. Cash provided by investing activities of \$40.9 million for the nine months ended September 30, 2005 principally reflected proceeds from dispositions of \$392.1 million, primarily from the sale of Famous Players, partially offset by acquisitions of \$216.6 million, consisting primarily of the acquisition of Neopets and capital expenditures of \$127.2 million. Capital expenditures increased \$36.9 million, or 41%, reflecting increased investment in information systems and building improvements. Cash provided by investing activities of \$146.5 million for the nine months ended September 30, 2004 principally reflected the \$738.1 million received as part of the special distribution paid by Blockbuster to its stockholders in September 2004, partially offset by acquisitions of \$317.6 million, principally reflecting the acquisition of VIVA, capital expenditures of \$90.3 million and cash flows used by discontinued operations, primarily Blockbuster, of \$191.3 million.

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

Edgar Filing: VIACOM INC - Form S-4/A

Year Ended December 31, 2004 vs. December 31, 2003 and December 31, 2003 vs. December 31, 2002.

Cash and cash equivalents decreased by \$143.1 million for the year ended December 31, 2004. The change in cash and cash equivalents was as follows:

	Year Ended December 31,		
	2004	2003	2002
Cash provided by operating activities	\$ 1,989.9	\$ 1,911.0	\$ 1,600.8
Cash used for investing activities	(288.6)	(1,594.6)	(583.9)
Cash used for financing activities	(1,844.4)	(220.3)	(1,077.8)
Increase (decrease) in cash and cash equivalents	\$ (143.1)	\$ 96.1	\$ (60.9)

Operating Activities. In 2004, cash provided by operating activities increased \$78.9 million to \$2.0 billion from \$1.9 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. 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. Net cash expenditures for investing activities of \$583.9 million in 2002 primarily reflected acquisitions of \$163.2 million, principally for the remaining interest in Noggin, as well as capital expenditures of \$122.3 million.

Financing Activities. In 2004, cash flow used for financing activities of \$1.8 billion principally reflected the net contribution to Viacom Inc. of \$1.7 billion. In 2003, cash flow for financing activities of \$220.3 million primarily reflected \$361.9 million used by discontinued operations partially offset by \$189.1 million fundings from Viacom. The funding in 2003 was due to the \$1.2 billion acquisition of Comedy Central, partially offset by operating cash flow contributed to Viacom. In 2002 cash flow used for financing activities \$1.1 billion primarily reflected the net contribution to Viacom Inc.

Liquidity and Capital Resources

Capital Structure. New Viacom believes that its operating cash flows, cash and cash equivalents, borrowing capacity under committed financing arrangements, and future access to capital markets will be sufficient to fund its operating needs, including commitments and contingencies, capital and investing commitments and its financing requirements for the foreseeable future. New Viacom will project anticipated cash requirements, which include capital expenditures, acquisitions, and payments on its 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.

Edgar Filing: VIACOM INC - Form S-4/A

For purposes of the combined financial statements, no debt has been allocated to New Viacom. New Viacom has received financing commitments, subject to the satisfaction of customary conditions, for a \$6.0 billion bridge term facility that will be used to fund the special cash dividend to be paid to Viacom (to be renamed CBS Corporation) shortly prior to the separation and for general corporate purposes and for a five-year revolving credit facility to be effective at the time of separation that will also provide for New Viacom's ongoing borrowing and liquidity needs. See note 2 to the New Viacom unaudited pro forma combined condensed financial statements included elsewhere in this Prospectus-Information Statement. Interest expense will increase significantly following the separation as a result of the debt incurred to fund the special cash dividend.

As of December 31, 2004, New Viacom's significant contractual obligations, including payments due by period, were as follows:

	Payments Due by Period						2010 and thereafter
	Total	2005	2006	2007	2008	2009	
Programming and talent commitments(1)	\$ 809.2	\$ 269.9	\$ 192.2	\$ 125.0	\$ 222.1		
Operating leases(2)	697.2	135.4	242.2	187.4	132.2		
Purchase obligations(3)	35.2	32.0	3.0	.2			
Capital lease obligations (including interest)(4)	456.3	77.9	134.4	113.7	130.3		
Other long-term liabilities(5)	600.7		534.4	47.3	19.0		

- (1) Programming and talent commitments of New Viacom primarily include \$534.6 million relating to cable programming and feature film production and acquisitions and \$213.8 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 including cable program liabilities, participations due to producers and residuals.

Accounts Receivable Securitization Programs. As of September 30, 2005, December 31, 2004 and December 31, 2003, New Viacom supported \$450 million of the Viacom revolving receivable securitization programs. The programs 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 Viacom's balance sheets. Viacom entered into these arrangements to provide an additional source of liquidity. Proceeds from the sale of New Viacom receivables were reflected as a reduction in invested equity. The terms of the revolving securitization arrangements require that the receivable pools subject to the programs meet certain performance ratios. New Viacom was in compliance with the required ratios under the receivable securitization programs for all periods presented.

Off-Balance Sheet Arrangements. New Viacom's off-balance sheet arrangements primarily consist of the guarantees described below.

Guarantees. New Viacom follows 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 in this Prospectus-Information Statement 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 New Viacom's financial position, results of operations or cash flows.

Edgar Filing: VIACOM INC - Form S-4/A

In connection with the separation, New Viacom intends to indemnify CBS Corp. with respect to the obligations of Viacom (to be renamed CBS Corporation) as guarantor on certain Blockbuster store leases. Blockbuster's obligations under these store leases aggregated approximately \$358 million at December 31, 2004. Certain leases contain renewal options that can extend the primary lease term and remain covered by the guarantees. Blockbuster has agreed to indemnify Viacom with respect to any obligations of Viacom under these guarantees. Blockbuster's indemnification obligations are secured by a \$150 million letter of credit. New Viacom recorded a liability of \$53.6 million to reflect the fair value of its indemnification obligation.

In the third quarter of 2005, Viacom sold Famous Players, an operator of movie theaters in Canada. Viacom (to be renamed CBS Corporation) may incur liabilities associated with Famous Players theater leases. New Viacom intends to indemnify CBS Corp. with respect to any liability under these theater leases. New Viacom recorded a liability of \$179.9 million, to reflect the fair value of these indemnification obligations.

In the fourth quarter of 2004, 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, New Viacom intends to indemnify CBS Corp. with respect to the obligations of Viacom as guarantor on certain UCI theater leases. These guarantees totaled approximately \$158.8 million at September 30, 2005 and \$177.0 million at December 31, 2004 and are secured by bank guarantees provided by the buyer. Viacom had guaranteed UCI's debt obligations under a revolving credit facility which was repaid during the fourth quarter of 2004. Viacom contributed \$29.1 million toward the repayment of UCI's debt obligation under the terms of this guarantee.

New Viacom also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theaters LLC. Viacom has guaranteed certain of these theater leases. New Viacom intends to indemnify CBS Corp. with respect to any obligations of Viacom under these guarantees. These guarantees totaled approximately \$10.6 million at September 30, 2005 and \$13.3 million at December 31, 2004. New Viacom will record a liability, which it currently anticipates will not be material, to reflect the fair value of these indemnification obligations.

Additionally, New Viacom 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 \$13.0 million at September 30, 2005 and \$24.8 million at December 31, 2004 and are not recorded on the balance sheet as of September 30, 2005 and December 31, 2004.

Legal Matters

In July 2002, judgment was entered in favor of 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 Viacom in 2004, any judgment in this matter adverse to Viacom, Blockbuster and/or Paramount Home Entertainment may be allocated 33.33% to Blockbuster

and 66.67% to Viacom. New Viacom will assume and indemnify CBS Corp. for Viacom's responsibility for losses in this matter pursuant to the separation agreement.

On November 10, 2005, Viacom was named as a defendant in a putative class action lawsuit filed by a stockholder of Blockbuster that alleges violations of federal securities laws. The suit, which is captioned *Congregation Ezra Sholom v. Blockbuster Inc., et al.*, was filed in the United States District Court for the Northern District of Texas. The suit is brought on behalf of all those who acquired shares of Blockbuster pursuant to Viacom's 2004 split-off of Blockbuster and those who purchased Blockbuster shares in the open market between September 8, 2004 and August 9, 2005. The complaint names as defendants NAI, Viacom and certain of its present and former officers and directors, and Blockbuster and certain of its present and former directors. The complaint alleges that the defendants made untrue statements of material facts and concealed and failed to disclose material facts. The plaintiff seeks to have the purchase of Blockbuster shares in the split-off rescinded, and also seeks other unspecified compensatory and other damages. In connection with the split-off, Blockbuster agreed to indemnify Viacom and its employees, officers and directors with respect to certain matters, including liabilities arising out of any material untrue statements and omissions in the portions of the split-off prospectus-offer to exchange that were provided by Blockbuster. Also in November 2005, Viacom, the Viacom Retirement Committee and certain of Viacom's current and former officers and directors, were named as defendants in a putative class action filed in the United States District Court for the Southern District of New York. Plaintiff 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 and by offering to plan participants the opportunity to exchange their shares of Viacom common stock for the shares of Blockbuster common stock that were owned by Viacom. Plaintiff's complaint seeks certain declaratory and injunctive relief, disgorgement of alleged profits, unspecified compensatory damages, and other unspecified equitable and injunctive relief. New Viacom will assume, and indemnify CBS Corp. for, Viacom's responsibility for losses in these matters pursuant to the separation agreement.

New 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 its understanding and evaluation of the relevant facts and circumstances, New Viacom 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.

Market Risk

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

Foreign Exchange Risk. New Viacom conducts business with companies in various countries outside the United States, resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. dollar. In order to hedge anticipated cash flows and foreign currency balances in such currencies as the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the Singapore Dollar and the Euro, foreign currency forward and option contracts are used. Additionally, New Viacom designates forward contracts used to hedge future production costs as cash flow hedges, and designates 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." New Viacom manages the use of foreign exchange derivatives centrally. At September 30, 2005, the notional value of all foreign exchange contracts was \$67.5 million which 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. New Viacom's interest expense is exposed to movements in short-term rates. Swap agreements may be used to modify this exposure. As of September 30, 2005 and December 31, 2004, there were no swaps outstanding.

At September 30, 2005 and at December 31, 2004, New Viacom did not have any interest rate cash flow hedges outstanding.

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

Related Parties

Mr. Sumner M. Redstone serves as chairman of the board of directors and chief executive officer of Viacom, and Ms. Shari Redstone serves as non-executive vice chairman of the Viacom board of directors. Mr. Redstone is the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, the controlling stockholder of Viacom, and Ms. Redstone is the president and a director of NAI. Mr. Redstone will serve as chairman of the board of directors for both New Viacom and CBS Corp. after the separation of Viacom and Ms. Redstone will serve as vice chair of both companies.

Corporate Allocations and Cash Funding

Prior to the separation, the businesses of New Viacom were held directly or indirectly by Viacom. New Viacom enters into transactions with Viacom for, among other things, the daily transfer of cash collections, allocations of corporate charges and daily cash funding to be used in operations as necessary, and the payment of taxes on New Viacom's income. For purposes of the financial statements, the net amount due to Viacom or due from Viacom at the end of each fiscal year has been classified as equity and is included in New Viacom's invested capital.

The combined financial statements of New Viacom include allocations of Viacom corporate expenses and Paramount Pictures corporate overhead including accounting, treasury, tax, legal, human resources, information systems and other services, to reflect the utilization of such shared services and fixed assets by New Viacom. These allocations were made using specific identification of costs, assets and liabilities and other relative percentages where specific identification was not available. Total corporate costs allocated to New Viacom were approximately \$119.0 million, \$136.2 million, \$112.6 million and \$100.7 million for the nine months ended September 30, 2005 and in 2004, 2003 and 2002, respectively, and were primarily included in selling, general and administrative expenses in the accompanying combined statements of operations. In the opinion of management, the allocation methodology is reasonable. New Viacom's corporate expenses as a stand-alone company may be different from those reflected in the combined statements of operations. Following the completion of the separation, New Viacom will perform these functions using its own resources or purchased services.

Relationship between New Viacom and Viacom

In connection with the separation, New Viacom and Viacom (to be renamed CBS Corporation) are expected to enter into a separation agreement that will identify assets to be transferred, liabilities to be assumed and obligations of each company following the separation, and that will include

indemnification obligations for such liabilities. In addition, New Viacom and CBS Corp. will enter into a transition services and a tax matters agreement.

New Viacom, through its normal course of business, is involved in transactions with companies owned by or affiliated with CBS Corp. New Viacom, through Paramount Pictures, licenses its motion picture products to CBS Corp. Paramount Pictures also distributes certain television products for a fee on behalf of CBS Corp.'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 Corp. In addition, New Viacom is also involved in transactions with Simon & Schuster and Paramount Parks. New Viacom's total revenues from these transactions were \$136.1 million and \$140.0 million for the nine months ended September 30, 2005 and 2004, respectively, and \$157.4 million, \$221.2 million and \$218.4 million for the year ended December 31, 2004, 2003 and 2002, respectively.

New Viacom, through MTV Networks and BET, purchases television programming from CBS Corp. The cost of these purchases are initially recorded as program rights inventory and amortized over the life of the contract. In addition, New Viacom places advertisements with various subsidiaries of CBS Corp. The total related party purchases were \$136.6 million and \$341.0 million for the nine months ended September 30, 2005 and 2004, respectively, and \$378.2 million, \$186.8 million and \$146.1 million for the year ended December 31, 2004, 2003 and 2002, respectively.

Transactions with CBS Corp. and its subsidiaries, through the normal course of business, are settled in cash. The following table presents the amounts due from or due to CBS Corp. and its subsidiaries as reflected in New Viacom's combined balance sheets:

	At September 30, 2005	At December 31, 2004	At December 31, 2003
Amounts Due from CBS Corp.			
Receivables	\$ 64.1	\$ 66.8	\$ 73.2
Other assets	80.5	88.4	124.6
Amounts Due to CBS Corp.			
Accounts payable	\$ 20.7	\$ 13.2	\$ 11.8
Participants' share, residuals and royalties payable	9.1	9.8	
Program rights, current	191.5	177.3	104.8
Other liabilities	253.0	353.4	234.9

Relationship between New 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, a division of New Viacom. During the nine months ended September 30, 2005 and for the years ended December 31, 2004, 2003 and 2002, NAI made payments to Paramount Pictures in the aggregate amounts of approximately \$11.2 million, \$11.2 million, \$9.6 million and \$12.3 million, respectively.

NAI and Mr. Redstone owned in the aggregate approximately 89% of the common stock of Midway Games Inc. ("Midway") as of November 2, 2005. Midway places advertisements on several of New Viacom's cable networks from time to time. During the nine months ended September 30, 2005 and for the years ended December 31, 2004, 2003 and 2002, transactions with Midway totaled approximately \$2.8 million, \$5.5 million, \$1.4 million and \$2.0 million, respectively. In addition, Paramount Pictures, MTV Films and Midway have announced agreements pursuant to which Paramount Pictures and MTV Films will acquire the film rights to certain Midway video games. No amounts were paid with respect to these agreements during the nine months ended September 30, 2005 or the full year 2004. In June 2005, MTV Networks and Midway entered into marketing and licensing arrangements with respect to certain Midway game titles. Under the arrangements, MTV Networks will provide certain licenses to Midway and has the option to provide marketing support for the game titles.

If the option is exercised, Midway has committed to purchasing advertising time from MTV Networks, paying MTV Networks a royalty on sales of the game titles, and allowing MTV Networks to sell certain advertisements within the games. No amounts were paid in respect of these arrangements during the nine months ended September 30, 2005. New Viacom believes that the volume and terms of these transactions were no more or less favorable to the respective New Viacom subsidiaries than they would have obtained from unrelated parties. New Viacom may continue to enter into similar business transactions with Midway in the future.

On October 28, 2004, Viacom entered into an agreement with NAI and NAIRI 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 \$8.0 billion stock purchase program announced in October 2004. In this Prospectus-Information Statement, we refer to this agreement among Viacom, NAI and NAIRI as the "NAIRI agreement." Viacom recorded the purchase of 11.8 million shares of Viacom class B common stock from NAIRI for approximately \$413.7 million for the nine months ended September 30, 2005 and recorded the purchase of 6.3 million shares of Viacom class B common stock from NAIRI for approximately \$226.6 million in 2004. The purchase price for the shares of Viacom common stock is determined on a monthly basis based on the volume-weighted average trading prices for the Viacom class B common stock as reported by Bloomberg L.P., which we refer to in this Prospectus-Information Statement as "Bloomberg," for trades permitted under Rule 10b-18 of the Exchange Act on days on which Viacom purchased Viacom common stock in the open market under Viacom's stock purchase program. New Viacom currently anticipates that it will enter into an agreement with NAI and NAIRI following the consummation of the separation that will be on substantially similar terms as the NAIRI agreement.

Recent Pronouncements

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation," which we refer to in this Prospectus-Information Statement as "SFAS 123," (revised 2004) "Share-Based Payment," which we refer to in this Prospectus-Information Statement as "SFAS 123R." SFAS 123R revises SFAS 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," which we refer to in this Prospectus-Information Statement 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, New Viacom will adopt SFAS 123R on January 1, 2006.

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154 "Accounting Changes and Error Corrections," which we refer to in this Prospectus-Information Statement as "SFAS 154," a replacement of APB 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. New Viacom does not expect the implementation of SFAS 154 to have a significant impact on its combined financial position, results of operations or cash flows.

Management's discussion and analysis of the results of operations and financial condition should be read in conjunction with the 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.

EXECUTIVE OFFICERS AND DIRECTORS OF NEW VIACOM**Executive Officers**

The following table sets forth the name, age and position of each person who will serve as a New Viacom executive officer immediately following the separation.

Name	Age	Position
Sumner M. Redstone	82	Chairman
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 Communications
Jacques Tortoroli	47	Senior Vice President, Controller and Chief Accounting Officer

Information about each person who will serve as a New Viacom executive officer immediately following the separation is set forth below.

Sumner M. Redstone	Mr. Redstone will serve as chairman of the New Viacom board of directors following the separation. Mr. Redstone currently serves as chairman of the Viacom board of directors, a position he has held since 1987, and chief executive officer of Viacom, a position he has held since 1996, and has served on the Viacom board of directors since its inception in 1986. Mr. Redstone has also served as chairman of the board of directors of NAI since 1986 and as chief executive officer of NAI since 1967. He served as president of NAI from 1967 through 1999. Mr. Redstone served as the first chairman of the board of the National Association of Theatre Owners and is currently a member of its 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. Mr. Redstone will serve as chairman of the CBS Corp. board of directors following the separation.
--------------------	--

Thomas E. Freston

Mr. Freston will serve as president and chief executive officer of New Viacom following the separation and will serve on the New Viacom board of directors. Mr. Freston currently serves as co-president and co-chief operating officer of Viacom, a position he has held since June 2004. Prior to that, he 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.

Robert M. Bakish

Mr. Bakish will serve as executive vice president, operations and Viacom Enterprises following the separation. Mr. Bakish currently serves as executive vice president, operations of Viacom, a position he has held since July 2005. Prior to that, he served as executive vice president, chief operating officer, advertising sales of MTV Networks from 2001 to 2005, as executive vice president, business development of MTV Networks from 1999 to 2001 and as senior vice president, planning, development and technology of Viacom from 1997 to 1999.

Michael J. Dolan

Mr. Dolan will serve as executive vice president and chief financial officer of New Viacom following the separation. Mr. Dolan currently serves as executive vice president and chief financial officer of Viacom, a position he has held since May 2005. Prior to joining Viacom, Mr. Dolan served as a senior advisor to Kohlberg Kravis Roberts & Co., a private equity firm, since late 2004. Prior to that, 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 will serve as executive vice president, office of the chairman of New Viacom following the separation. Mr. Folta currently serves as executive vice president, corporate relations of Viacom, a position he has held since November 2004. Prior to that, he served as senior vice president, corporate relations of Viacom from November 1994 to November 2004, and vice president, corporate relations of Viacom from April 1994 to November 1994. Mr. Folta held various communications positions at Paramount Communications Inc. from 1984 until joining Viacom in April 1994. Mr. Folta will serve as executive vice president, office of the chairman of CBS Corp. following the separation.

Michael D. Fricklas

Mr. Fricklas will serve as executive vice president, general counsel and secretary of New Viacom following the separation. Mr. Fricklas currently serves as executive vice president, general counsel and secretary of Viacom, a position he has held since May 2000. From October 1998 to May 2000, he served as senior vice president, general counsel and secretary of Viacom. From July 1993, he served as vice president, deputy general counsel of Viacom and assumed the additional title of senior vice president in July 1994.

JoAnne Adams Griffith

Ms. Griffith will serve as executive vice president, human resources of New Viacom following the separation. Ms. Griffith currently serves as co-executive vice president, human resources of Viacom, a position she has held since September 2005. Prior to that, she served as vice president of human resources of Viacom and executive vice president of human resources at MTV Networks from 1998 to 2005, as vice president of human resources of Viacom from 1996 to 1998 and as vice president of human resources at Paramount Pictures from 1986 to 1996.

DeDe Lea

Ms. Lea will serve as executive vice president, government relations of New Viacom following the separation. Ms. Lea currently serves as senior vice president, government relations of Viacom, a position she has held since September 2005. 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 Viacom from 1997 to 2004.

Carole Robinson

Ms. Robinson will serve as executive vice president, corporate communications of New Viacom following the separation. Ms. Robinson currently serves as executive vice president, communications, MTV Networks, a position she has held since 1999. Prior to that, Ms. Robinson served as Senior Vice President, Communications, MTV Networks from 1994 to 1998. Ms. Robinson joined MTV Networks in 1984 and has held a succession of positions within the corporate communications area since that time.

Jacques Tortoroli

Jacques Tortoroli will serve as senior vice president, controller and chief accounting officer of New Viacom following the separation. Mr. Tortoroli previously served as executive vice president and chief financial officer of Infinity Broadcasting Corporation from 2002 to 2005. Mr. Tortoroli was also chief financial officer of Westwood One, Inc., in which Infinity has an investment, from 2002 to 2004. Prior to that, Mr. Tortoroli served as chief financial officer of the e-services consultancy 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 International.

Board of Directors

Upon completion of the separation, the New Viacom board of directors will consist of 12 members, a majority of whom will be independent under the standards discussed below. Each director will hold office, in accordance with the New Viacom certificate of incorporation and bylaws, until the next annual meeting of stockholders and until his or her successor is duly elected and qualified.

Edgar Filing: VIACOM INC - Form S-4/A

The following table sets forth the name, age and position of each person who will serve as a New Viacom director immediately following the separation.

Name	Age	Position
Sumner M. Redstone(1)	82	Chairman
Shari Redstone(1)	51	Vice Chair
George S. Abrams	73	Director
Philippe P. Dauman	51	Director
Thomas E. Dooley	49	Director
Thomas E. Freston	60	President and Chief Executive Officer and Director
Ellen V. Futter	56	Director
Alan C. Greenberg	78	Director
Robert K. Kraft	64	Director
Charles E. Phillips, Jr.	46	Director
Frederic V. Salerno	62	Director
William Schwartz	72	Director

(1) Mr. Redstone and Ms. Redstone will serve as chairman and non-executive vice chair, respectively, of the board of directors of New Viacom immediately following the separation. Ms. Redstone is Mr. Redstone's daughter. None of the other directors are related to any other director by blood, marriage or adoption.

Information about each person who will serve as a New Viacom director immediately following the separation, but who is not also a New Viacom executive officer noted above, is set forth below. Information about Messrs. Redstone and Freston is set forth above in the section entitled " Executive Officers."

George S. Abrams	Mr. Abrams will serve on the New Viacom board of directors following the separation. Mr. Abrams currently serves on the Viacom board of directors, a position he has held since 1987. He is an attorney associated with the law firm of Winer and Abrams in Boston, Massachusetts since 1969. Prior to that time, Mr. Abrams served for three years as general counsel and staff director of the United States Senate Judiciary Committee for Refugees. Mr. Abrams is a trustee of the Museum of Fine Arts in Boston and the European Fine Arts Foundation. He is a director of NAI and Sonesta International Hotels Corporation.
Philippe P. Dauman	Mr. Dauman will serve on the New Viacom board of directors following the separation. Mr. Dauman currently serves on the Viacom board of directors, a position he has held since 1987. He has been co-chairman and chief executive officer of DND Capital Partners, L.L.C., a private equity firm, since May 2000. Mr. Dauman served as the deputy chairman of Viacom from 1996 until May 2000 and executive vice president from 1994 until May 2000. From 1993 to 1998, Mr. Dauman also served as general counsel and secretary of Viacom. He is a director of NAI and Lafarge North America Inc. and will serve on the CBS Corp. board of directors following the separation.
Thomas E. Dooley	Mr. Dooley will serve on the New Viacom board of directors following the separation. Mr. Dooley is co-chairman and chief executive officer of

DND Capital Partners L.L.C., a private equity firm. Prior to co-founding DND Capital Partners in May 2000, Mr. Dooley held various corporate and divisional positions at Viacom, which he joined in 1980, including deputy chairman, member of Viacom's executive committee, and executive vice president, finance, corporate development and communications. Mr. Dooley is a director of LaBranche & Co. Inc.

Ellen V. Futter

Ms. Futter will serve on the New Viacom board of directors following the separation. Ms. Futter is president of the American Museum of Natural History, a position she has held since November 1993. Previously, she served for 13 years as the president of Barnard College. Ms. Futter serves on the boards of American International Group, Inc., Consolidated Edison, Inc. and JPMorgan Chase & Co.

Alan C. Greenberg

Mr. Greenberg will serve on the New Viacom board of directors following the separation. Mr. Greenberg currently serves on the Viacom board of directors, a position he has held since 2003. He is chairman of the executive committee of Bear Stearns, a position he has held since June 2001. Mr. Greenberg served as chairman of Bear Stearns from 1985 to 2001 and as its chief executive officer from 1978 to 1993. Mr. Greenberg is a director of Bear Stearns.

Robert K. Kraft

Mr. Kraft will serve on the New Viacom board of directors following the separation. Mr. Kraft is chairman and chief executive officer of The Kraft Group, which includes the New England Patriots, New England Revolution, Gillette Stadium, Rand-Whitney Group and International Forest Products Corporation. He has been the owner of the New England Patriots for the past 10 seasons, and was elected as the chairman of the NFL's finance committee in 1998. Mr. Kraft is a director of the Dana-Farber Cancer Institute, the Federal Reserve Bank of Boston and The New England Patriots Charitable Foundation.

Charles E. Phillips, Jr.

Mr. Phillips will serve on the New Viacom board of directors following the separation. Mr. Phillips currently serves on the Viacom board of directors, a position he has held since 2004. He has been president of Oracle Corporation since May 2003. Mr. Phillips has also served as a member of the board of directors and executive management committee for Oracle Corporation since January 2004. Prior to joining Oracle Corporation, Mr. Phillips was with Morgan Stanley's Institutional Securities Division from 1994 to 2003, where he was responsible for analyzing the enterprise software industry. Mr. Phillips is a director of Oracle Corporation.

Shari Redstone

Ms. Redstone will serve as vice chair of the New Viacom board of directors following the separation. Ms. Redstone currently serves as vice chairman of the Viacom board of directors, a position she has held since June 2005, and has served on the Viacom board of directors since 1994. She has been president of NAI since January 2000, prior to that serving as executive vice president of NAI since 1994. Ms. Redstone practiced law from 1978 to 1993, with her practice including corporate law, estate planning and criminal law. Ms. Redstone is a member of the board of directors and executive committee for the National Association of Theatre Owners, co-chairman and co-chief executive officer of MovieTickets.com, Inc., chairman and chief executive officer of CineBridge Ventures, Inc. and chairman and chief executive officer of Rising Star Media. Ms. Redstone is a board member of

several charitable organizations, including the board of trustees at Dana Farber Cancer Institute, the board of directors at Combined Jewish Philanthropies and the board of directors of the John F. Kennedy Library Foundation. Ms. Redstone is a director of NAI and vice chairwoman of Midway and will serve as vice chair of the CBS Corp. board of directors following the separation.

Frederic V. Salerno

Mr. Salerno will serve on the New Viacom board of directors following the separation. Mr. Salerno currently serves on the Viacom board of directors, a position he has held since 1994. He is a retired vice chairman and chief financial officer of Verizon, a position he held from June 2000 to October 2002. Prior to that, Mr. Salerno served as vice chairman and chief financial officer of Bell Atlantic (Verizon's predecessor) from August 1997. Prior to the merger of Bell Atlantic and NYNEX Corporation, he served as vice chairman finance and business development of NYNEX Corporation from 1994 to 1997. Mr. Salerno was vice chairman of NYNEX Corporation and president of the NYNEX Worldwide Services Group from 1991 to 1994. He is a director of Akamai Technologies, Inc., Bear Stearns, Consolidated Edison, Inc., Gabelli Asset Management and Popular Inc.

William Schwartz

Mr. Schwartz will serve on the New Viacom board of directors following the separation. Mr. Schwartz currently serves on the Viacom board of directors, a position he has held since 1987. He is counsel to the law firm of Cadwalader, Wickersham & Taft, a position he has held since 1988. Mr. Schwartz served as vice president for academic affairs (the chief academic officer) of Yeshiva University from 1993 to July 1998 and has been a University Professor of Law at Yeshiva University and the Cardozo School of Law since 1991. He was dean of the Boston University School of Law from 1980 to 1988 and a professor of law at Boston University from 1955 to 1991. Mr. Schwartz is an honorary member of the National College of Probate Judges. Mr. Schwartz formerly served as chairman of UST Corp. and was chairman of the Boston Mayor's Special Commission on Police Procedures and a member of the Legal Advisory Board of the New York Stock Exchange.

Director Independence

New Viacom's corporate governance guidelines, which will be adopted prior to the completion of the separation, will provide that a majority of New Viacom's directors must be independent, as "independence" is defined in the New York Stock Exchange corporate governance listing standards and in New Viacom's corporate governance guidelines. In this Prospectus-Information Statement, we refer to New Viacom's corporate governance guidelines as the "New Viacom Guidelines" and the New York Stock Exchange corporate governance listing standards as the "NYSE listing standards." The NYSE listing standards set forth five "bright-line" tests that require a finding that a director is not independent if the director fails any of the tests. In addition, the NYSE listing standards provide that a director is not independent unless the New Viacom board of directors affirmatively determines that the director has no "material relationship" with New Viacom. The New Viacom Guidelines set forth categorical standards to assist the New Viacom board of directors in determining what constitutes a

Edgar Filing: VIACOM INC - Form S-4/A

"material relationship" with New Viacom. Generally, under these categorical standards the following relationships are deemed not to be material:

the types of relationships identified by the NYSE listing standards' bright-line tests, if they occurred more than five years ago (the New Viacom board of directors will review any such relationship if it occurred more than three, but less than five, years ago);

a relationship whereby the director has received, or an immediate family member of the director has received for service as an executive officer, less than \$100,000 in direct compensation from New Viacom during any 12-month period within the last three years; and

a relationship where the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of the following:

a company that made payments to or received payments from New Viacom for property or services in an amount that, in any of the last three fiscal years, is less than 1% of the other company's annual consolidated gross revenues;

a company which is either indebted to or a creditor of New Viacom in an amount that is less than 1% of the other company's total consolidated assets; and

a tax-exempt organization that received contributions from New Viacom in the prior fiscal year in an amount less than the greater of \$500,000 or 1% of that organization's consolidated gross revenues.

For relationships that exceed the thresholds set forth above, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, will be made by the directors who are independent. In addition, the New Viacom Guidelines state that, generally, the types of relationships not addressed by the NYSE listing standards or described in the New Viacom Guidelines will not cause an otherwise independent director to be considered not independent. However, the New Viacom board of directors may determine that a director is not independent for any reason it deems appropriate.

The Viacom board of directors has determined that the following New Viacom directors are independent under these standards: Philippe P. Dauman, Thomas E. Dooley, Ellen V. Futter, Alan C. Greenberg, Robert K. Kraft, Charles E. Phillips, Jr., Frederic V. Salerno and William Schwartz.

Board Committees

Following the separation, the New Viacom board of directors will have the following standing committees: the audit committee, the compensation committee and the nominating and governance committee. The New Viacom board of directors will review and determine the committee structure and membership of the committees annually, or more frequently as needed.

Edgar Filing: VIACOM INC - Form S-4/A

New Viacom's audit committee will consist solely of independent directors within the meaning of the NYSE listing standards. In addition, the audit committee will have at least one "audit committee financial expert," as that term is defined in the Securities Act. Although New Viacom will be a "controlled company" under the NYSE listing standards (which is a company of which more than 50% of the voting power is held by an individual or another company), New Viacom's compensation committee and nominating and governance committee will consist solely of independent directors, which independence is not required for controlled companies under the NYSE listing standards.

The roles and responsibilities of the standing board committees will be set forth in their respective charters, which will initially be substantially the same as the corresponding committees at Viacom. The charters will be available following the separation on New Viacom's website at <http://www.viacom.com> and may also be requested following the separation by writing to Investor Relations, Viacom Inc., 1515 Broadway, New York, NY 10036. Copies of the charters for Viacom's standing board committees are currently available on Viacom's website at <http://www.viacom.com>.

CORPORATE GOVERNANCE

New Viacom's corporate governance initiatives and principal governance documents will initially be substantially the same as those in place at Viacom. New Viacom's principal governance documents, which will be adopted prior to the separation, will be as follows:

Corporate Governance Guidelines;

Board committee charters:

Audit committee charter,

Compensation committee charter, and

Nominating and governance committee charter;

Business Conduct Statement; and

Supplemental code of ethics for senior financial officers.

These documents will be available following the separation on New Viacom's website at <http://www.viacom.com> and may also be requested following the separation by writing to Investor Relations, Viacom Inc., 1515 Broadway, New York, NY 10036. Copies of the principal governance documents in place at Viacom are currently available on Viacom's website at <http://www.viacom.com>.

The New Viacom board of directors, with assistance from its nominating and governance committee, will regularly assess New Viacom's governance practices in light of legal requirements and governance best practices. In several areas, New Viacom's practices are expected to go beyond the requirements of the NYSE listing standards. For example, despite being a "controlled company," New Viacom will have a majority of independent directors on its board of directors and will have an independent compensation committee and an independent nominating and governance committee, which independence is not required for controlled companies under the NYSE listing standards. In addition, the New Viacom Guidelines will provide that a majority of the directors on its board will not be directors who are also on the CBS Corp. board of directors. Certain other important aspects of New Viacom's governance documents are summarized below. New Viacom encourages its stockholders to read its governance documents in their entirety, as it believes the documents illustrate its commitment to good governance practices and ethical business conduct.

Corporate Governance Guidelines

The New Viacom Guidelines will set forth New Viacom's corporate governance principles and practices on a variety of topics, including the responsibilities, composition and functioning of the New Viacom board of directors, director qualifications, and the roles of the committees of the New Viacom

board of directors. The New Viacom Guidelines will be assessed annually by the New Viacom nominating and governance committee and the New Viacom board of directors, and will be updated as needed. In addition to the matters on director independence mentioned above, the New Viacom Guidelines will also provide for, among other things:

separate executive sessions of the non-management directors and independent directors to be held a minimum number of times each year;

stock ownership guidelines for directors, and director compensation to be established in light of the policies set forth in the New Viacom Guidelines;

the non-management directors to play an active role in succession planning; and

the New Viacom board of directors to hold an annual self-evaluation to assess its effectiveness.

New Viacom Board Committee Charters

Each New Viacom standing board committee will operate under a written charter adopted by the New Viacom board of directors. The committee charters will set forth the purpose, objectives and responsibilities of each committee and discuss matters such as committee membership requirements, number of meetings and the setting of meeting agendas. The charters will be assessed annually and will be updated as needed.

New Viacom Business Conduct Statement

New Viacom's business conduct statement, which we refer to in this Prospectus-Information Statement as the "New Viacom BCS," will set forth standards for ethical conduct that are expected of all officers, employees and directors of New Viacom. As part of New Viacom's compliance and ethics program, employees will regularly receive training on the contents of the New Viacom BCS, will be required to certify as to compliance with the document and must disclose any potential conflicts of interest on an ongoing basis. The New Viacom BCS will also set forth the avenues for employees to report violations of the New Viacom BCS, matters of financial impropriety or any matters of concern anonymously or with attribution to the appropriate officers of New Viacom and/or the audit committee.

Waivers of the New Viacom BCS for New Viacom's executive officers and directors will be disclosed on New Viacom's website at <http://www.viacom.com> or by Form 8-K filed with the SEC.

New Viacom Supplemental Code of Ethics for Senior Financial Officers

The New Viacom supplemental code of ethics for senior financial officers will be applicable to New Viacom's chairman, president and chief executive officer, chief financial officer and chief accounting officer. The New Viacom supplemental code of ethics addresses matters specific to those senior financial positions, including responsibility for the quality of the disclosures made in New Viacom's filings with the SEC, reporting obligations with respect to certain matters and a general obligation to promote honest and ethical conduct within New Viacom. The senior financial officers are also required to comply with the New Viacom BCS.

Amendments to and/or waivers of the supplemental code of ethics for these officers will be disclosed on New Viacom's website at <http://www.viacom.com> or by Form 8-K filed with the SEC.

NEW VIACOM DIRECTOR COMPENSATION

Directors of New Viacom who are not employees of New Viacom or any of its subsidiaries, who we refer to in this Prospectus-Information Statement as the "New Viacom outside directors," will be entitled to receive compensation for their service on the New Viacom board of directors and will be eligible to participate in certain director plans, as described below. George S. Abrams, Philippe P. Dauman, Thomas E. Dooley, Ellen V. Futter, Alan C. Greenberg, Robert K. Kraft, Charles E. Phillips,

Jr., Shari Redstone, Frederic V. Salerno and William Schwartz will be the New Viacom outside directors immediately following the separation.

Cash Compensation

The cash compensation for the New Viacom outside directors will be as follows:

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 will each receive an annual retainer of \$20,000, payable in equal installments quarterly in advance, and the members of those committees will receive a per meeting attendance fee of \$2,000; and

the chair of the nominating and governance committee will receive an annual retainer of \$15,000, payable in equal installments quarterly in advance, and the members of that committee will receive a per meeting attendance fee of \$1,500.

Equity Compensation

New Viacom has adopted the New Viacom 2006 Stock Option Plan for Outside Directors, which we refer to in this Prospectus-Information Statement as the "New Viacom director option plan." The New Viacom director option plan will be effective as of the date of the separation and will initially be substantially similar to the Viacom Inc. 2000 Stock Option Plan for Outside Directors, which we refer to in this Prospectus-Information Statement as the "Viacom director option plan," with adjustments made to the number of stock options subject to the initial and annual grants as appropriate to reflect the separation. These adjustments will be made at the time of the separation in a manner designed to give the New Viacom outside directors stock options that are intended to have a value equivalent to the value of the stock options that Viacom outside directors are intended to receive. Viacom outside directors currently receive (i) an initial grant of 10,000 options to purchase Viacom class B common stock, which options vest one year from the date of grant, and (ii) an annual grant of 4,000 options to purchase Viacom class B common stock, which options vest in three equal annual installments on the first, second and third anniversaries of the date of grant.

Accordingly, under the New Viacom director option plan, New Viacom outside directors will automatically receive the following:

for directors who did not serve on the Viacom board of directors immediately prior to the separation, an initial grant of options to purchase shares of New Viacom class B common stock on the date the director first joins the New Viacom board of directors or becomes a New Viacom outside director, which options will vest one year from the date of grant; and

an annual grant of options to purchase shares of New Viacom class B common stock on January 31st of each year, which options will vest in three equal annual installments, on the first, second and third anniversaries of the date of the grant.

The exercise price of the stock option grants will be the closing price of New Viacom class B common stock on the New York Stock Exchange on the date of grant. For a description of the New Viacom director option plan, see the section entitled "New Viacom Director Equity Compensation Plans New Viacom 2006 Stock Option Plan for Outside Directors" beginning on page 122.

New Viacom has adopted the New Viacom 2006 RSU Plan for Outside Directors, which we refer to in this Prospectus-Information Statement as the "New Viacom director RSU plan." The New Viacom director RSU plan will be effective as of the date of the separation and will initially be substantially similar to the Viacom Inc. 2005 RSU Plan for Outside Directors, which we refer to in this Prospectus-Information Statement as the "Viacom director RSU plan." Accordingly, under the New Viacom director RSU plan, New Viacom outside directors will receive an annual grant of RSUs on

January 31st of each year equal to \$55,000 in value based on the closing price of New Viacom 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 New Viacom outside directors in shares of New Viacom class B common stock upon vesting unless the New Viacom outside director elects to defer settlement of the RSUs to a future date. New Viacom outside directors are entitled to receive dividend equivalents on the RSUs in the event New Viacom pays a regular cash dividend on New Viacom class B common stock. Dividend equivalents will accrue on the RSUs (including deferred RSUs) in accordance with the plan until the RSUs are settled, at which time the dividend equivalents will be payable in shares of New Viacom class B common stock, with fractional shares paid in cash. For a description of the New Viacom director RSU plan, see the section entitled " New Viacom Director Equity Compensation Plans New Viacom 2006 RSU Plan for Outside Directors" beginning on page 125.

On January 31, 2005, Viacom directors Abrams, Dauman, Greenberg, Phillips, Salerno and Schwartz, who will serve on the New Viacom board of directors following the separation, each received the annual grant of 4,000 options to purchase shares of Viacom class B common stock under the Viacom director option plan. The stock options have an exercise price of \$37.34, which was the closing price of Viacom class B common stock on the New York Stock Exchange on January 31, 2005. On May 26, 2005, in connection with the receipt of stockholder approval of the Viacom director RSU plan, the same group of directors each received an initial grant of 1,563 RSUs, which was equal to \$55,000 in value based on the closing price of Viacom class B common stock on the New York Stock Exchange on that date. In June 2005, Ms. Shari Redstone received a grant of 10,000 options to purchase shares of Viacom class B common stock at the time of her appointment as vice chairman of the Viacom board of directors. The stock options have an exercise price of \$34.21, which was the closing price of Viacom class B common stock on the New York Stock Exchange on June 14, 2005.

Deferred Compensation Plan

New Viacom has adopted the New Viacom Deferred Compensation Plan for Outside Directors, which we refer to in this Prospectus-Information Statement as the "New Viacom director deferred compensation plan." The New Viacom director deferred compensation plan will be effective as of the date of the separation and will initially be substantially similar to the Viacom Inc. Deferred Compensation Plan for Outside Directors adopted in 2005, which we refer to in this Prospectus-Information Statement as the "Viacom director deferred compensation plan." Accordingly, under the New Viacom director deferred compensation plan, the New Viacom outside directors may elect to defer their board of directors and committee retainers and meeting fees for the upcoming calendar year. Deferred amounts will be credited during a calendar quarter to an interest-bearing income account or a stock unit account in accordance with the director's prior election. Amounts credited to an income account will bear interest at the prime rate in effect at the beginning of each calendar quarter. Amounts credited to a stock unit account will be deemed invested in phantom units for an as equal as possible number of shares of New Viacom class A common stock and New Viacom class B common stock, calculated based on the closing market prices on the first day of the next calendar quarter.

Upon a director's retirement from the New Viacom board of directors, the amounts deferred under the New Viacom director deferred compensation plan will be paid in cash in a lump sum or in three or five annual installments, based on the director's prior election, with the lump sum or initial annual installment becoming payable on the later of six months after the director leaves the New Viacom board of directors or on January 15th of the following year. The value of a stock unit account will be determined by reference to the average of the closing market prices of New Viacom class A common stock and New Viacom class B common stock on the New York Stock Exchange on each trading date during the four-week period ending five business days prior to the payment date. Amounts paid in installments will accrue interest until the final installment is paid.

The Viacom board of directors has determined that individuals serving as Viacom directors immediately prior to the separation who join the New Viacom board of directors, but do not serve on

the CBS Corp. board of directors at the time of the separation, will not be deemed to have retired from the Viacom board of directors for purposes of triggering payments of amounts accrued as a Viacom director under the Viacom director deferred compensation plan. The deferred amounts of such persons that are invested in an interest-bearing income account will continue to accrue interest as described above. The deferred amounts of such persons that are invested in a stock unit account will be converted at the time of the separation as follows: each Viacom class A common stock phantom unit will be converted into phantom units representing 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock, and each Viacom class B common stock phantom unit will be converted into phantom units representing 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock. The deferred compensation accounts of such persons will be paid by New Viacom in the manner described in the preceding paragraph after such persons leave the New Viacom board of directors, except that (i) amounts deferred by such persons prior to January 1, 2005 will be paid on the later of six months after the director leaves the New Viacom board of directors or on January 15th of the following year and (ii) amounts deferred prior to the separation by persons who will serve on both the New Viacom board of directors and the CBS Corp. board of directors following the separation will be allocated equally between New Viacom and CBS Corp. at the time of the separation and then paid by the respective company at the appropriate time.

For information on the number of phantom units in the stock unit accounts of Viacom directors who will serve on the New Viacom board of directors immediately following the separation as of August 31, 2005, see footnote (2) of the section entitled "The Separation Security Ownership of Certain Beneficial Owners and Management of Viacom" beginning on page 59.

Other

Director Attendance at Certain Events. New Viacom believes it is in its best interest for directors to participate in certain New Viacom events and meet with management, customers, talent and others important to New Viacom. Accordingly, the New Viacom board of directors will adopt, prior to the separation, a policy on director attendance at events. This policy is expected to initially be substantially similar to the policy in place at Viacom. Under the policy, directors will be allocated tickets without charge to attend specific events that have been designated as having a business purpose. In addition, travel expenses to such events will be reimbursed by New Viacom in accordance with its normal travel policies. The cost of tickets and travel to any events other than the designated events will be at the director's expense. The nominating and governance committee will be responsible for monitoring the implementation of this policy.

NEW VIACOM DIRECTOR EQUITY COMPENSATION PLANS

New Viacom 2006 Stock Option Plan for Outside Directors

The following description of the New Viacom director option plan should be read in conjunction with, and is qualified in its entirety by reference to, the full text of the plan, a copy of which will be filed as an exhibit to the Registration Statement of which this Prospectus-Information Statement forms a part.

The New Viacom director option plan will be effective as of the date of the separation. The New Viacom director option plan provides for (i) one-time grants to each person, other than directors serving on the Viacom board of directors immediately prior to the separation, who is first elected or appointed to the New Viacom board of directors as, or subsequently becomes, a New Viacom outside director and (ii) annual grants to New Viacom outside directors.

Subject to adjustment as described under the caption entitled "Adjustments" below, the number of shares of New Viacom class B common stock that may be issued under the New Viacom director option plan, when aggregated with the number of shares of New Viacom class B common stock that

may be issued under the New Viacom director RSU plan, is 500,000 shares. Shares of New Viacom class B common stock issued under the New Viacom director option plan may be authorized but unissued shares or treasury shares. The issuance of New Viacom class B common stock under the New Viacom director option plan in any manner will result in a decrease in the number of shares of New Viacom class B common stock that thereafter may be issued under the plan by the number of shares issued. Shares of New Viacom class B common stock covered by expired or terminated stock options and stock options substituted for awards previously granted by an entity acquired by New Viacom, with which New Viacom merges or otherwise combines or from which New Viacom is spun-off or otherwise separated (including stock options substituted for Viacom stock options in connection with the separation) will not be counted towards the plan limit. Unless terminated earlier by action of the New Viacom board of directors, the New Viacom director option plan will terminate on the fifth anniversary of the effective date of the plan, and no additional grants of stock options may be made after that date.

Purpose and Description of the Plan

Purpose of the Plan. The purpose of the New Viacom director option plan is to benefit and advance the interests of New Viacom and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of New Viacom or any of its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of New Viacom and its subsidiaries. Directors of New Viacom who are not employees of New Viacom or any of its subsidiaries are considered New Viacom outside directors.

Administration. The New Viacom director option plan is administered by the members of the New Viacom board of directors who are not New Viacom outside directors.

Substitute Stock Options. Notwithstanding any terms or conditions of the New Viacom director option plan to the contrary, the New Viacom board of directors may provide for substitute stock options under the New Viacom director option plan upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity acquired by New Viacom, with which New Viacom merges or otherwise combines or from which New Viacom is spun-off or otherwise separated (including stock options substituted for Viacom options in connection with the separation). Substitute stock options may have substantially the same terms and conditions, including the same vesting provisions and exercise periods, as the awards that they replace. New Viacom shares subject to substitute stock options will not count against the share limit of the New Viacom director option plan.

Terms of the Stock Options. The New Viacom director option plan provides that each person, other than directors serving on the Viacom board of directors immediately prior to the separation, who is first elected or appointed to the New Viacom board of directors as, or subsequently becomes, a New Viacom outside director will receive an automatic one-time initial option grant to purchase shares of New Viacom class B common stock, effective as of the date of such person's election or appointment to the New Viacom board of directors or the date on which such person first becomes a New Viacom outside director. The number of stock options that will be the subject of the initial option grant will be determined at the time of the separation in a manner designed to give the New Viacom outside directors an initial grant of stock options that is intended to have a value equivalent to the value that Viacom directors are intended to receive in connection with their initial grant of 10,000 stock options to purchase Viacom class B common stock. Persons who served on the Viacom board of directors immediately prior to the separation will not receive this initial one-time option grant.

The New Viacom director option plan also provides that each New Viacom outside director will receive automatic annual grants of options to purchase shares of New Viacom class B common stock. The number of stock options that will be the subject of the annual option grant will be determined at the time of the separation in a manner designed to give the New Viacom outside directors an annual grant of stock options that is intended to have a value equivalent to the value that Viacom directors

are intended to receive in connection with their annual grant of 4,000 stock options to purchase Viacom class B common stock.

The initial grant of stock options to New Viacom outside directors will vest on the first anniversary of the date of grant, provided the recipient of the stock options is a New Viacom director on such date. Each annual grant of stock options will vest in three equal annual installments, on the first, second and third anniversaries of the date of grant, provided the recipient of the stock options is a New Viacom director on such dates.

Under the New Viacom director option plan, the per share exercise price of the initial and annual stock option grants is equal to the fair market value of a share of New Viacom class B common stock on the date of grant or, if that date is not a business day, on the last business day preceding the date of grant on which the fair market value can be determined. Substitute stock options may have a per share exercise price of less than the fair market value of a share of New Viacom class B common stock on the date of grant (with certain limitations). No stock option granted under the New Viacom director option plan may be exercised more than 10 years after the date of grant. Each share of New Viacom class B common stock purchased through the exercise of a stock option granted under the New Viacom director option plan must be paid in full in cash on or before the settlement date for such share of New Viacom class B common stock.

Stock options granted under the New Viacom director option plan may be exercised up to one year after the director ceases to serve for any reason, including death or permanent disability, as a member of the New Viacom board of directors; provided, however, that the stock options are exercisable only to the extent vested on the date of termination and in no event after the stock options have otherwise expired.

Adjustments. In the event of a merger, consolidation, stock split, dividend (other than a regular cash dividend), distribution, combination, reclassification or recapitalization that changes the character or amount of New Viacom class B common stock or other changes in the corporate structure, equity securities or capital structure of New Viacom, the New Viacom board of directors shall make such proportionate adjustments as it deems appropriate to the number and kind of securities subject to stock options granted under the New Viacom director option plan, the exercise price of the stock options, the number and kind of securities subject to the initial and annual grants under the New Viacom director option plan, and the maximum number and kind of securities reserved for issuance under the New Viacom director option plan.

Transfer Restrictions, Etc. The New Viacom director option plan provides that the rights of the recipient of stock options are not transferable other than (i) by will or the laws of descent and distribution or (ii) upon prior notice to New Viacom, to (A) members of the recipient's immediate family or trusts whose beneficiaries are members of the recipient's immediate family; provided, however, that any such transfer is made for estate and/or tax planning purposes without consideration being received, or (B) former spouses in transfers incident to a divorce. The New Viacom board of directors may also permit other transferability, subject to any conditions and limitations that it imposes. No grant of stock options under the New Viacom director option plan entitles the holder to any rights of a holder of shares of New Viacom class B common stock, except upon delivery of shares upon exercise of a stock option, nor will any such grant be construed as giving the recipient the right to remain a member of the New Viacom board of directors.

Amendment and Termination of the Plan. The New Viacom board of directors may at any time alter, amend, suspend or terminate the New Viacom director option plan, in whole or in part, except that no amendment will be effective without stockholder approval if approval is required by law or under the rules of the New York Stock Exchange or other principal stock exchange on which New Viacom class B common stock is then listed, and no alteration, amendment, suspension or termination

may adversely affect the terms of any outstanding stock options without the consent of the affected recipient.

U.S. Federal Income Tax Consequences. The stock options granted under the New Viacom director option plan will be "non-qualified stock options" and will not qualify as incentive stock options for U.S. federal income tax purposes. For a discussion of the U.S. federal income tax consequences associated with the grant and exercise of non-qualified stock options, see the section entitled " Certain New Viacom Executive Compensation Plans New Viacom 2006 Long-Term Management Incentive Plan U.S. Federal Income Tax Consequences" beginning on page 143.

New Plan Benefits. Only New Viacom outside directors are eligible to receive awards of stock options under the New Viacom director option plan. It is not possible to estimate the annual benefit that New Viacom would expect to allocate to the New Viacom outside directors under the New Viacom director option plan. No officers or employees of New Viacom will be eligible to participate in the New Viacom director option plan; therefore, no benefit will accrue to such persons.

New Viacom 2006 Director RSU Plan for Outside Directors

The following description of the New Viacom director RSU plan should be read in conjunction with, and is qualified in its entirety by reference to, the full text of the plan, a copy of which will be filed as an exhibit to the Registration Statement of which this Prospectus-Information Statement forms a part.

The New Viacom director RSU plan will be effective as of the date of the separation. The New Viacom director RSU plan provides for automatic annual grants of RSUs of New Viacom class B common stock on January 31st of each year to the New Viacom outside directors. The amount of the annual grants of RSUs will be determined by dividing (i) \$55,000 by (ii) the fair market value of one share of New Viacom class B common stock on the date of grant.

Subject to adjustment as described under the caption " Purpose and Description of the Plan Adjustments" below, the number of shares of New Viacom class B common stock that may be issued under the New Viacom director RSU plan, when aggregated with the number of shares of New Viacom class B common stock that may be issued under the New Viacom director option plan, is 500,000 shares. Shares of New Viacom class B common stock issued under the New Viacom director RSU plan may be authorized but unissued shares or treasury shares. The settlement of RSUs under the New Viacom director RSU plan in any manner will result in a decrease in the number of shares of New Viacom class B common stock that thereafter may be issued under the plan by the number of shares issued upon such settlement. Shares of New Viacom class B common stock with respect to which RSUs lapse, expire or are canceled without being settled or are otherwise terminated may be regranted under the New Viacom director RSU plan. RSUs substituted for awards previously granted by an entity acquired by New Viacom, with which New Viacom merges or otherwise combines or from which New Viacom is spun-off or otherwise separated (including RSUs substituted for Viacom RSUs in connection with the separation) will not be counted against the New Viacom director RSU plan limit. Unless terminated earlier by action of the New Viacom board of directors, the New Viacom director RSU plan will terminate on the fifth anniversary of the effective date of the plan, and no additional grants may be made after that date.

Purpose and Description of the Plan

Purpose of the Plan. The purpose of the New Viacom director RSU plan is to benefit and advance the interests of New Viacom and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of New Viacom or any of its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of New Viacom and its subsidiaries. Directors of New Viacom who are not employees of New Viacom or any of its subsidiaries are considered New Viacom outside directors.

Edgar Filing: VIACOM INC - Form S-4/A

Administration. The New Viacom director RSU plan will be administered by the members of the New Viacom board of directors who are not New Viacom outside directors.

Substitute RSUs. Notwithstanding any terms or conditions of the New Viacom director RSU plan to the contrary, the New Viacom board of directors may provide for substitute RSUs under the New Viacom director RSU plan upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity acquired by New Viacom, with which New Viacom merges or otherwise combines or from which New Viacom is spun-off or otherwise separated (including RSUs substituted for Viacom RSUs in connection with the separation). Substitute RSUs may have substantially the same terms and conditions, including the same vesting provisions, as the awards that they replace. New Viacom shares subject to substitute RSUs will not count against the share limit of the New Viacom director RSU plan.

Terms of the Director RSUs. The New Viacom director RSU plan provides that on January 31st of each year, each person who is a New Viacom outside director will automatically be granted a number of RSUs determined by dividing (i) \$55,000 by (ii) the fair market value of one share of New Viacom class B common stock on the date of grant or, if that date is not a business day, on the last business day preceding the date of grant on which the fair market value can be determined. New Viacom outside directors elected after January 31, 2006 first become eligible to receive an award under the New Viacom director RSU plan as of the date of the next annual grant of RSUs and such annual grant will not be subject to proration.

RSUs will vest in full on the first anniversary of the date of grant. Subject to the following paragraph, upon vesting, New Viacom will settle the RSUs by delivering the corresponding number of shares of New Viacom class B common stock and cash in lieu of any fractional shares. A New Viacom outside director who terminates service as a member of the New Viacom board of directors for any reason will forfeit all of his or her unvested RSUs.

The New Viacom director RSU plan permits recipients of RSUs to elect to defer settlement of the RSUs to a date after the vesting date. New Viacom outside directors who elect to defer settlement of RSUs may elect to have their deferral settled in a single distribution or in three or five annual installments. The single distribution or first annual installment, as applicable, will be payable in accordance with the director's prior election on the later of (i) six months following the date of the director's termination of services on the New Viacom board of directors for any reason and (ii) January 31 of the calendar year following the calendar year in which the director's service on the New Viacom board of directors terminates for any reason.

Dividend Equivalents. The New Viacom director RSU plan provides that dividend equivalents will be awarded with respect to the RSUs in the event New Viacom pays a regular cash dividend with respect to shares of New Viacom class B common stock. Dividend equivalents will be credited in dollar amounts to a bookkeeping account that New Viacom will maintain on behalf of each New Viacom outside director.

Dividend equivalents will accrue on the RSUs until the RSUs vest, at which time they will be paid in shares of New Viacom class B common stock, based on the fair market value of New Viacom class B common stock on the vesting date, with any fractional shares paid in cash. Payment of dividend equivalents that have been credited to the recipient's account will not be made with respect to any RSUs that do not vest and are canceled.

If a New Viacom outside director elects to defer settlement of his or her RSUs, the deferred RSUs will continue to earn dividend equivalents through the settlement date. These dividend equivalents will be converted on each anniversary of the original vesting date into additional whole and/or fractional RSUs, based on the fair market value of New Viacom class B common stock on the respective date, and these additional RSUs will be deferred and settled at the same time and in the same manner as the original underlying RSUs.

Adjustments. In the event of a merger, consolidation, stock split, dividend (other than a regular cash dividend), distribution, combination, reclassification, recapitalization, reorganization, split-up or spin-off that changes the character or amount of New Viacom class B common stock or other changes in the corporate structure, equity securities or capital structure of New Viacom, the New Viacom board of directors will make such proportionate adjustments as it deems appropriate to the number and kind of securities subject to outstanding awards granted under the New Viacom director RSU plan, the number and kind of securities subject to the RSU grants under the New Viacom director RSU plan, and the maximum number and kind of securities available for issuance under the New Viacom director RSU plan. The New Viacom board of directors may, in its sole discretion, also make other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits under the New Viacom director RSU plan. All adjustments will be conducted in a manner consistent with any adjustments under the New Viacom director option plan.

Transfer Restrictions, Etc. The New Viacom director RSU plan provides that the rights of the recipient of awards granted under the New Viacom director RSU plan are not transferable other than (i) by will or the laws of descent and distribution or (ii) upon prior notice to New Viacom, to (A) members of the recipient's immediate family or trusts whose beneficiaries are members of the recipient's immediate family; provided, however, that any such transfer is made for estate and/or tax planning purposes without consideration being received, or (B) former spouses in transfers incident to a divorce. The New Viacom board of directors may also permit other transfers, subject to any conditions and limitations that it imposes. No grant of awards under the New Viacom director RSU plan entitles the holder to any rights of a holder of shares of New Viacom class B common stock, except upon delivery of shares upon settlement of an award, nor will any such grant be construed as giving the recipient the right to remain a member of the New Viacom board of directors.

Amendment and Termination of the Plan. The New Viacom board of directors may at any time alter, amend, suspend or terminate the New Viacom director RSU Plan, in whole or in part, except that no amendment will be effective without stockholder approval if approval is required by law or under the rules of the New York Stock Exchange or other principal stock exchange on which New Viacom class B common stock is then listed, and no alteration, amendment, suspension or termination may adversely affect the terms of any outstanding award without the consent of the affected recipient. A participant's consent will not be required, however, if the New Viacom board of directors determines that such alteration, amendment, suspension or termination of the New Viacom director RSU plan is necessary or advisable to comply with any law, regulation, ruling, judicial decision or accounting standards or to ensure that RSUs or dividend equivalents are not subject to U.S. federal, state or local income tax prior to settlement.

Tax Consequences. New Viacom outside directors generally will not recognize income when they are awarded RSUs or when dividend equivalents are credited on their behalf. New Viacom outside directors will recognize ordinary income in an amount equal to the fair market value of the shares of New Viacom class B common stock that are delivered when their RSUs are settled. New Viacom will generally be entitled to a tax deduction in the same amount.

New Plan Benefits. Only New Viacom outside directors are eligible to receive awards of RSUs under the New Viacom director RSU plan. It is not possible to estimate the annual benefit that New Viacom would expect to allocate to the New Viacom outside directors under the New Viacom director RSU Plan. No officers or employees of New Viacom will be eligible to participate in the New Viacom director RSU plan; therefore, no benefit will accrue to such persons.

NEW VIACOM EXECUTIVE COMPENSATION

Summary Executive Compensation Table

The following table sets forth information concerning the total compensation in 2004 for the persons who will serve as the chief executive officer and the four most highly compensated executive officers of New Viacom, which we refer to in this Prospectus-Information Statement as the "New Viacom named executive officers," based on 2004 compensation paid by Viacom to such individuals in their capacities at Viacom. These amounts do not reflect the compensation such individuals will receive following the separation. The share information set forth below does not give effect to the separation. For a discussion of the adjustments with respect to Viacom equity-based awards in connection with the separation, see the section entitled "The Separation Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards" beginning on page 53.

Name and Principal Position at New Viacom	Year	Annual Compensation(1)			Long-Term Compensation Awards	
		Salary (\$)	Bonus (\$)	Other Annual Compensation \$(2)	Securities Underlying Options (#)	All Other Compensation \$(3)
Sumner M. Redstone* Chairman	2004	\$ 4,973,073	\$ 16,500,000	\$ 106,422	2,050,000	\$ 28,440
Thomas E. Freston President and Chief Executive Officer	2004	4,221,539	16,000,000	126,257	1,900,000	8,540
Michael D. Fricklas Executive Vice President, General Counsel and Secretary	2004	1,083,173	2,000,000	14,599	125,000	22,500
Robert M. Bakish Executive Vice President, Operations and Viacom Enterprises	2004	730,577	1,682,100	14,212	65,000	22,500
Michael J. Dolan** Executive Vice President and Chief Financial Officer	2004					

*

The information concerning Mr. Redstone's total compensation in 2004 has also been presented, and is duplicative of the information provided, in the summary executive compensation table in the section entitled "Description of CBS Corp. After the Separation CBS Corp. Executive Compensation Summary Executive Compensation Table" beginning on page 203.

**

Mr. Dolan commenced employment as executive vice president and chief financial officer of Viacom on May 2, 2005. Pursuant to the terms of his employment agreement and pro rated from the date he joined Viacom, Mr. Dolan is expected to receive base salary in the amount of \$1,006,600 and bonus compensation in the minimum amount of \$1,008,800 for 2005. For a description of Mr. Dolan's compensation, see the section entitled " Employment Agreements" beginning on page 133.

(1)

Annual compensation from Viacom for 2004 for the New Viacom named executive officers includes the following amounts of compensation deferred under Viacom's 401(k) and excess 401(k) plans and bonus deferral plan and pursuant to their employment agreements with Viacom: for Mr. Redstone in the amount of \$2,809,612; for Mr. Freston in the amount of \$1,013,000; for Mr. Fricklas in the amount of \$405,481; and for Mr. Bakish in the amount of \$268,471.

(2)

Edgar Filing: VIACOM INC - Form S-4/A

Other annual compensation from Viacom for 2004 for Mr. Redstone includes amounts relating to Viacom's incremental cost for non-business use of the Viacom aircraft of \$92,120. Other annual compensation for 2004 for Mr. Freston includes amounts relating to Viacom's incremental cost for non-business use of Viacom aircraft of \$68,855 and \$43,100 for reimbursement in lieu of hotel expenses for each night that he is required to be in Los Angeles for business and stays in his own home (Mr. Freston is based in New York); Mr. Freston has waived the right to receive such reimbursement in lieu of

Edgar Filing: VIACOM INC - Form S-4/A

hotel expenses for 2005 and subsequent years. Other annual compensation for 2004 for Messrs. Redstone, Freston, Fricklas and Bakish includes a car allowance of \$13,200 per annum, the value of company-provided car insurance and the personal use of car services. The incremental cost of Viacom aircraft is calculated by dividing the total variable costs (such as fuel, aircraft maintenance, landing and navigation fees and flight crew expenses) by the total flight hours for such year and multiplying such amount by the individual's total number of flight hours for non-business use for the year.

(3)

Viacom maintains a program of life and disability insurance which is generally available to all salaried employees on the same basis. In addition, during 2004, Viacom maintained for Messrs. Redstone and Freston certain supplemental life insurance benefits. All other compensation includes (a) premiums paid by Viacom for life insurance coverage for 2004 for each of Messrs. Redstone and Freston of \$5,940; (b) Viacom's matching contributions under Viacom's 401(k) plans for 2004 for Mr. Redstone of \$6,150 and for each of Messrs. Freston, Fricklas and Bakish of \$2,600; and (c) credits for Viacom's matching contributions under Viacom's excess 401(k) plans for 2004 for Mr. Redstone of \$16,350 and for each of Messrs. Fricklas and Bakish of \$19,900.

Option Grants to New Viacom Named Executive Officers in Fiscal 2004

The following table sets forth certain information with respect to option grants to purchase shares of Viacom class B common stock awarded during 2004 to the New Viacom named executive officers in their capacities at Viacom. The table includes a column designated "Grant Date Present Value." The calculation in that column is based on the Black-Scholes option pricing model adapted for use in valuing stock options. The amount of stock options granted is not indicative of the amount of stock options for New Viacom class B common stock these individuals may receive following the separation. The share information set forth below does not give effect to the separation. For a discussion of the adjustments with respect to Viacom equity-based awards in connection with the separation, see the section entitled "The Separation Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards" beginning on page 53.

Name	Individual Grants				
	Number of Shares of Viacom Class B Common Stock Underlying Options	% of Total Options Granted to Employees in Fiscal 2004	Exercise Price (\$/Share)	Expiration Date	Grant Date Present Value (\$)(4)
Sumner M. Redstone*	550,000(1)	1.94%	\$ 37.66	5/19/14	\$ 9,724,550
	500,000(2)	1.77%	35.51	7/01/14	8,228,500
	1,000,000(2)	3.53%	35.51	7/01/14	16,457,000
Thomas E. Freston	400,000(3)	1.41%	40.39	1/28/14	7,361,600
	500,000(2)	1.77%	35.51	7/01/14	8,228,500
	1,000,000(2)	3.53%	35.51	7/01/14	16,457,000
Michael D. Fricklas	125,000(3)	**	40.39	1/28/14	2,300,500
Robert M. Bakish	65,000(3)	**	40.39	1/28/14	1,196,260
Michael J. Dolan					

*

The information concerning Mr. Redstone's option grants for 2004 has also been presented, and is duplicative of the information provided, in the option grant table in the section entitled "Description of CBS Corp. After the Separation CBS Corp. Executive Compensation Option Grants to CBS Corp. Named Executive Officers in Fiscal 2004" beginning on page 204.

**

Less than 1%.

(1)

This grant was awarded to Mr. Redstone on May 19, 2004 and vests in one-quarter increments on May 19, 2005, May 19, 2006, May 19, 2007 and May 19, 2008.

(2)

These grants were awarded to Messrs. Redstone and Freston on July 1, 2004. For each executive, 500,000 of these options vested on December 31, 2004 and the remaining 1,000,000 options vest in one-quarter increments on July 1, 2005, July 1, 2006, July 1, 2007 and July 1, 2008.

(3)

These grants were awarded to Messrs. Freston, Fricklas and Bakish on January 28, 2004 and were originally scheduled to vest in one-quarter increments on January 28, 2005, January 28, 2006, January 28, 2007 and January 28, 2008. The vesting of these options was accelerated in March 2005, and these options are now exercisable. However, Messrs. Freston and Fricklas must refrain from selling the shares of Viacom class B common stock acquired upon the exercise of these options (other than shares needed to cover the exercise price and satisfy withholding taxes) until the date on which the exercise would have

Edgar Filing: VIACOM INC - Form S-4/A

been permitted under the option's original vesting terms or, if earlier, the executive officer's last day of employment. For a discussion of the acceleration of the vesting of these options, see the section entitled " Aggregated Option Exercises by New Viacom Named Executive Officers in Fiscal 2004 and Value of Options at December 31, 2004" beginning on page 130.

(4)

The actual value, if any, an executive may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. There is no assurance that the value realized by an executive will be at or near the value estimated by the Black-Scholes model. Expected volatility for stock option grants was determined based on the historical volatility on the date of grant. The grant date values presented in the table were determined in part using the following weighted-average assumptions. No adjustments were made for non-transferability or risk of forfeiture.

Expected volatility	38.60%
Risk-free rate of return	4.46%
Dividend yield	0.66%
Time of exercise	7.5 years

The approach used in developing the assumptions upon which the Black-Scholes valuation is based is consistent with the requirements of SFAS No. 123.

Aggregated Option Exercises by New Viacom Named Executive Officers in Fiscal 2004 and Value of Options at December 31, 2004

The following table sets forth information with respect to the exercise of options to purchase shares of Viacom class B common stock during 2004 for the New Viacom named executive officers and the status of their options at December 31, 2004. The share information set forth below does not give effect to the separation. For a discussion of the adjustments with the respect to Viacom equity-based awards in connection with the separation, see the section entitled "The Separation Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards" beginning on page 53.

Name	Number of Shares of Viacom Class B Common Stock Acquired on Exercise	Value Realized (\$)	Number of Shares of Viacom Class B Common Stock Underlying Unexercised Options as of December 31, 2004		Value of Unexercised In-the-Money Options as of December 31, 2004 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Sumner M. Redstone*	341,500	\$ 6,744,625	10,721,000	2,637,500	\$ 79,895,690	\$ 880,000
Thomas E. Freston	180,000	1,681,400	3,097,000	2,255,000	8,143,955	880,000
Michael D. Fricklas	0	0	490,000	280,000	3,058,500	0
Robert M. Bakish	0	0	281,250	143,750	1,322,538	0
Michael J. Dolan						

*

The information concerning Mr. Redstone's exercise of options during 2004 and the status of his options at December 31, 2004 has also been presented, and is duplicative of the information provided, in the table in the section entitled "Description of CBS Corp. After the Separation CBS Corp. Executive Compensation Aggregated Option Exercises by CBS Corp. Named Executive Officers in Fiscal 2004 and Value of Options at December 31, 2004" beginning on page 205.

On March 8, 2005, the Viacom compensation committee approved the acceleration of the vesting of unvested stock options having an exercise price of \$38 or greater (other than options under Viacom's Fund the Future program) granted from 1999 through May 19, 2004 under Viacom's 2000 Long-Term Management Incentive Plan, as amended and restated, that were held by current employees on March 8, 2005, including the New Viacom named executive officers (other than Mr. Dolan, who was not an employee of Viacom at that time). Also accelerated were a small number of unvested stock options having an exercise price of \$38 or greater granted under Viacom's 1997 Long-Term Management Incentive Plan, as amended and restated. Stock option awards granted from 1999 through May 19, 2004 with respect to approximately 29 million shares of Viacom class B common stock, including options with respect to 2,371,250 shares of Viacom class B common stock that were held by New Viacom named executive officers, are subject to this acceleration which was effective as of March 8, 2005. The compensation committee also imposed a holding period that will require Viacom executive officers who become New Viacom executive officers to refrain from selling the shares acquired upon the exercise of these options (other than shares needed to cover the exercise price and

satisfy withholding taxes) until the date on which the exercise would have been permitted under the option's original vesting terms or, if earlier, the executive officer's last day of employment.

Retirement Plans

New Viacom intends to establish effective as of the date of the separation a New Viacom tax-qualified defined benefit pension plan, which we refer to in this Prospectus-Information Statement as the "New Viacom pension plan," for all eligible employees of New Viacom who satisfy age and service requirements, including the New Viacom named executive officers. The New Viacom pension plan will be substantially similar to the Viacom Pension Plan, which we refer to in this Prospectus-Information Statement as the "Viacom pension plan." As of the date of the separation, the New Viacom pension plan will assume from the Viacom pension plan the liability for benefits accrued through the date of the separation for the New Viacom named executive officers who participated in the Viacom pension plan. Assets allocable to those accrued benefits will be transferred from the Viacom pension plan to the New Viacom pension plan as soon as practicable following the separation.

Participation in the New Viacom pension plan will begin on the later of the date an employee turns 21 and completes one year of eligibility service. An eligible employee will receive a retirement benefit that is calculated using the plan formula and is based upon the employee's years of benefit service (up to a maximum of 30 years) and final average compensation (eligible salary, commissions and bonus) for the highest 60 consecutive months out of the final 120 months of employment. Participants in the New Viacom pension plan will receive credit for years of service credited under the Viacom pension plan prior to the separation. Employees are fully vested in their accrued benefit upon completion of five full years of service. Following the receipt of assets transferred from the Viacom pension plan, New Viacom will pay the entire cost of the benefits provided by the New Viacom pension plan.

Compensation for purposes of the New Viacom pension plan is limited by federal law to \$210,000 for 2005. This amount is adjusted each year in accordance with the Code. Viacom intends to establish the New Viacom excess pension plan, which we refer to in this Prospectus-Information Statement as the "New Viacom excess pension plan," effective as of the date of the separation to provide benefits to participants in the New Viacom pension plan whose annual base salary and commissions exceed the annual compensation limitation. The New Viacom excess pension plan will be substantially similar to the Viacom Excess Pension Plan, which we refer to in this Prospectus-Information Statement as the "Viacom excess pension plan." The liability for amounts credited under the Viacom excess pension plan through the date of the separation for the New Viacom named executive officers who participated in the Viacom excess pension plan prior to the separation will be transferred to the New Viacom excess pension plan on or as soon as practicable following the separation.

The benefits under the New Viacom excess pension plan will be calculated using the New Viacom pension plan formula and eligible compensation in excess of the annual compensation limitation. The maximum amount of total annual compensation that may be taken into account under the New Viacom pension plan and the New Viacom excess pension plan, which we refer to collectively in this Prospectus-Information Statement as the "New Viacom pension plans," is \$750,000 or, for any employee who was a participant in the Viacom excess pension plan as of December 31, 1995, the employee's base salary as of December 31, 1995, if greater than \$750,000. (For any participant who is also a participant in the Viacom (to be renamed CBS Corporation) pension plan and Viacom excess pension plan following the separation, which includes Mr. Redstone, the maximum amount is limited to \$375,000.) The benefits under the New Viacom excess pension plan are not subject to the Code provisions that limit the compensation used to determine benefits and the amount of annual benefits payable under the New Viacom pension plan.

The following table illustrates, for representative average annual compensation and years of benefit service classifications, the annual retirement benefit payable to employees under the New Viacom

pension plans upon retirement in 2005 at age 65, based on the single life annuity form of benefit payment and not subject to offset.

New Viacom Pension Plan Table

Remuneration	Years of Service			
	15	20	25	30
\$ 250,000	\$ 62,154	\$ 82,872	\$ 103,590	\$ 124,307
500,000	127,779	170,372	212,965	255,557
750,000	193,404	257,872	322,340	386,807
1,000,000	259,029	345,372	431,715	518,057

The number of years of benefit service through December 31, 2004 that will be credited for Messrs. Freston, Fricklas, Redstone and Bakish are approximately 19 years, 10.5 years, two years and seven years, respectively. Mr. Dolan's participation in the New Viacom pension plans will commence on May 2, 2006 for purposes of benefit service. Mr. Freston's base salary as of December 31, 1995 exceeded \$750,000 but was less than \$1 million and his pension benefit will therefore be based on his base salary as of that date.

Mr. Redstone's participation in the New Viacom pension plans will be deemed to have commenced in March 2003 for purposes of eligibility and vesting. Mr. Redstone must receive certain minimum payments from the New Viacom pension plan on an annual basis.

In addition, New Viacom intends to establish the New Viacom 401(k) plan, which we refer to in this Prospectus-Information Statement as the "New Viacom 401(k) plan," a tax-qualified defined contribution plan, effective as of the date of the separation for all eligible employees of New Viacom and former New Viacom employees who participated in the Viacom 401(k) plan. The New Viacom 401(k) plan will be substantially similar to the Viacom 401(k) plan. The full account balances of the New Viacom named executive officers under the Viacom 401(k) plan will be transferred to the New Viacom 401(k) plan on or as soon as practicable following the separation. Full-time employees of New Viacom who have turned 21 will be eligible to participate in the New Viacom 401(k) plan immediately upon their date of hire. Participants may defer between 1% and 15% of their eligible compensation on a before tax or after tax basis. The New Viacom matching contribution will be calculated using a performance-based formula. Employees become vested in their matching contribution account in the New Viacom 401(k) plan according to a schedule over a five-year period. For purposes of vesting, participants will receive credit for years of service credited under the Viacom 401(k) plan prior to the separation.

Compensation for purposes of the New Viacom 401(k) plan is limited by federal law to \$210,000 for 2005. This amount is adjusted each year in accordance with the Code. New Viacom intends to establish and adopt supplemental 401(k) plans effective as of the date of the separation to provide benefits to employees who are participants in the New Viacom 401(k) plan and whose annual base salary and commissions exceed the annual compensation limitation. The New Viacom supplemental 401(k) plans will be substantially similar to the Viacom supplemental 401(k) plans. The amounts credited under the Viacom supplemental 401(k) plans through the date of the separation for the New Viacom named executive officers who participated in the Viacom supplemental 401(k) plans prior to the separation will be transferred to the New Viacom supplemental 401(k) plans on or as soon as practicable following the separation. Matching contributions made by New Viacom to the New Viacom 401(k) plan and the New Viacom supplemental 401(k) plans together will not be made with respect to compensation in excess of \$750,000 for any participant. (For any participant who is also a participant in the Viacom (to be renamed CBS Corporation) 401(k) plan and Viacom supplemental 401(k) plans following the separation, which includes Mr. Redstone, the maximum amount of compensation with respect to which matching contributions will be made is limited to \$375,000.) Amounts deferred under

the New Viacom supplemental 401(k) plans will track the investment performance of the funds selected by the participant for amounts contributed to the New Viacom 401(k) plan.

Employment Agreements

On July 1, 2004, Viacom entered into an employment agreement with Mr. Redstone. The agreement provides that Mr. Redstone will continue to serve as Viacom's chairman and chief executive officer, with all the rights, powers, functions, duties and responsibilities customarily associated with such titles or assigned to him by the Viacom board of directors commensurate with his status as chairman and chief executive officer. Pursuant to the agreement, Mr. Redstone began to receive a salary of \$3.5 million per annum on July 1, 2004 and deferred compensation of \$1 million for the six-month period from July 1, 2004 through December 31, 2004 (based on the annualized rate of \$2 million) that will increase for subsequent calendar years by \$300,000 on each January 1st, commencing January 1, 2005. In addition, Mr. Redstone is eligible to receive annual bonus compensation with a target bonus set at 200% of the sum of his salary and deferred compensation for such year. Mr. Redstone is entitled to be provided with \$5 million of life insurance during his employment with Viacom. Mr. Redstone's employment agreement has no specific term and may be terminated at the will of either party upon notice to the other. Effective as of the date of the separation, Mr. Redstone will serve as the chairman of the New Viacom board of directors. The compensation and benefits described above do not reflect the compensation and benefits that Mr. Redstone will receive from New Viacom following the separation.

On July 1, 2004, Viacom entered into an employment agreement with Mr. Freston with a five-year term. On June 14, 2005, Viacom amended the terms of Mr. Freston's employment agreement by letter agreement. Effective as of the date of the separation, Mr. Freston's employment agreement will be assigned to New Viacom and Mr. Freston will serve as the president and chief executive officer of New Viacom. The employment agreement provides that such assignment will not constitute "good reason" to terminate the agreement.

Pursuant to his employment agreement, Mr. Freston began to receive a salary of \$3 million per annum on July 1, 2004 and deferred compensation at a rate of \$2 million per annum that will increase for subsequent calendar years by \$300,000 on each January 1st, commencing January 1, 2005. In addition, Mr. Freston is eligible to receive annual bonus compensation with a target bonus set at 200% of the sum of his salary and deferred compensation for such year. Mr. Freston is entitled to be provided with \$8 million of life insurance during the employment term.

Pursuant to their employment agreements, Messrs. Redstone and Freston each received a grant under the Viacom 2004 Long-Term Management Incentive Plan, which we refer to in this Prospectus-Information Statement as the "Viacom LTMIIP," of stock options to purchase 1,500,000 shares of Viacom class B common stock, of which 500,000 vested on December 31, 2004 and the remaining 1,000,000 will vest in four equal annual installments. These stock options have a ten-year term from the date of grant. The exercise price of these stock options was set at the fair market value of the Viacom class B common stock on the date of grant. Their agreements provide for Messrs. Redstone and Freston to receive awards under the Viacom LTMIIP or a successor plan of 115,000 RSUs per year during the first quarter of each of 2005, 2006, 2007 and 2008. The RSUs will vest upon certification by the Viacom compensation committee that the one-year performance criteria established by the Viacom compensation committee for the year in which the units were granted have been achieved. The units are payable in shares of Viacom class B common stock. The executive can elect to defer payment of the RSUs prior to the year of grant for up to ten years for in-service distributions and for up to three years for post-termination distributions. The employment agreement for Mr. Freston provides that, in connection with the separation, (i) his outstanding stock options will be adjusted in the same manner as outstanding stock options held by other employees of New Viacom and in a manner that the Viacom compensation committee determines in good faith would eliminate any reduction in value, (ii) the number of RSUs to be awarded to Mr. Freston will be adjusted using a specified formula, and (iii) grants of RSUs scheduled to be awarded to Mr. Freston during the first calendar quarter of 2006 may be rescheduled if the separation has not occurred by that date.

The employment agreement for Mr. Freston contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees, protecting confidential information and Viacom's ownership of work product and requiring cooperation in litigation, as well as other covenants, during the executive's employment and for specified periods after the termination of employment.

The employment agreement for Mr. Freston provides that, in the event of the termination of his employment by Viacom without "cause" or his voluntary termination for "good reason" (as these terms are defined in his employment agreement) during the employment term, Mr. Freston will be entitled to receive salary, deferred compensation and target bonus compensation and certain benefits and perquisites for the balance of the employment term (or, in the case of medical and dental coverage under the Consolidated Omnibus Budget Reconciliation Act, which we refer to in this Prospectus-Information Statement as "COBRA," for at least 18 months after the date of termination), subject to mitigation after the first 36 months. Further, in such event, all unvested RSUs will vest and become payable and all stock options granted on or after July 1, 2004 that are vested on the date of such termination of his employment, or that would have vested and become exercisable by the end of the employment term, will be exercisable for the following period after the date of such termination (but not beyond the expiration date of the stock options): (i) six months, if the termination occurs during the first year of the term, (ii) one year, if the termination occurs during the second year of the term, (iii) two years, if the termination occurs during the third year of the term, and (iv) three years, if the termination occurs during the fourth or fifth years of the term. In addition, the employment agreement provides that unless the separation occurs and the agreements are assigned as described above, if Mr. Freston becomes the sole president and chief operating officer of Viacom because Mr. Moonves is promoted to chief executive officer of Viacom, (x) Mr. Freston may terminate his employment after he has remained in that position for 18 months and receive salary, deferred compensation, target bonus compensation and certain benefits and perquisites for six months after the termination of his employment and (y) all of Mr. Freston's unvested RSUs will vest and become payable and all stock options granted on or after July 1, 2004 that are vested on the date of such termination of his employment, or that would have vested and become exercisable by June 30, 2009, will be exercisable for three years after the date of termination (but not beyond the expiration date of the stock options).

Mr. Fricklas's employment agreement with Viacom was amended in April 2005. Effective as of the date of the separation, Mr. Fricklas's employment agreement with Viacom will be assigned to New Viacom and Mr. Fricklas will serve as executive vice president, general counsel and secretary of New Viacom. The employment agreement provides that it shall not be considered "good reason" or a breach of Viacom's obligations under the employment agreement if Mr. Fricklas is assigned duties directly comparable to those set forth in his employment agreement for New Viacom, reports to the chairman or the chief executive officer of New Viacom directly, holds a title no less than the title he currently holds with Viacom and the financial statements of New Viacom report no less than 30% of the consolidated revenues and OIBDA of Viacom for the year ended December 31, 2004. In this Prospectus-Information Statement, we refer to "OIBDA" as operating income before depreciation and amortization. Mr. Fricklas's agreement provides that he will continue to be employed as executive vice president, general counsel and secretary of Viacom through January 31, 2008, at a salary of \$1 million per annum that will increase to \$1.25 million per annum on January 1, 2006. Mr. Fricklas's annual target bonus was set at \$1 million for calendar years 2004 and 2005 and will increase to 100% of the sum of his salary and deferred compensation for 2006 and subsequent years. Mr. Fricklas will earn deferred compensation at an annual rate of \$100,000 through April 30, 2005 and then at an annual rate of \$175,000 for the balance of 2005. Beginning on January 1, 2006, Mr. Fricklas will earn deferred compensation at an annual rate of \$250,000. Mr. Fricklas also will be eligible to receive annual grants of long-term compensation for 2006 and subsequent years, as determined by the Viacom compensation committee based on a target value of \$3 million. For this purpose, in 2004, the Black-Scholes valuation method was used to value stock options. Mr. Fricklas will be provided with \$5 million of life insurance

in effect from January 1, 2006. Mr. Fricklas's employment agreement contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees, protecting confidential information and Viacom's ownership of work product and requiring cooperation in litigation, as well as other covenants, during his employment and for specified periods after the termination of employment. In the event of the termination of Mr. Fricklas's employment by Viacom without "cause" or his voluntary termination for "good reason" (as these terms are defined in his employment agreement) during the employment term, he will be entitled to receive salary, deferred compensation and target bonus compensation and certain benefits and perquisites for the balance of the employment term, subject to mitigation after the first 12 months. Further, in such event, stock options that would have vested during the employment term will vest on the date of termination and, together with outstanding options that vested prior to the date of termination, will remain exercisable for the following period after the date of termination (but not beyond the expiration of such stock options): one year for options granted on or after January 29, 2003 and six months for options granted before January 29, 2003. Effective as of the date of the separation, the restrictive covenants contained in Mr. Fricklas's employment agreement will apply to the benefit of both New Viacom and CBS Corp. until one year after the date of the separation and thereafter only to New Viacom.

On August 1, 2004, Viacom entered into an employment agreement with Mr. Bakish for a three-year term. The employment agreement provides that Mr. Bakish will be employed as executive vice president, operations, of the office of the co-president and co-chief operating officer of Viacom with responsibility for MTV Networks, at a salary of \$900,000 per annum subject to annual merit reviews. Mr. Bakish's annual target bonus is 100% of his salary. Mr. Bakish is eligible to receive annual grants of long-term compensation for 2006 and 2007, as determined by the Viacom compensation committee, based on a target value of \$3 million, through a combination of RSUs and stock options, with at least 30% of the value of each annual long-term compensation award derived from the grant of RSUs. Mr. Bakish's employment agreement contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees, protecting confidential information and Viacom's ownership of work product and requiring cooperation in litigation, as well as other covenants, during his employment and for specified periods after the termination of employment. In the event of the termination of Mr. Bakish's employment by Viacom without "cause" or his voluntary termination for "good reason" (as these terms are defined in his employment agreement) during the employment term, he will be entitled to receive salary, target bonus compensation and certain benefits and perquisites for the balance of the employment term, subject to mitigation after the first 12 months. Further, in such event, stock options that would have vested during the employment term will vest on the date of termination and will remain exercisable for the following periods after the date of termination (but not beyond the expiration of such stock options); for options granted before August 1, 2004, six months after the date of termination; and for options granted on or after August 1, 2004, one year if the termination occurs before August 1, 2006 and two years if the termination occurs on or after August 1, 2007. In addition, in such event, all unvested RSUs that would have vested during the employment term will vest and become payable on the date of termination.

On May 2, 2005, Viacom entered into an employment agreement with Mr. Dolan with a four-year term. The employment agreement provides that Mr. Dolan will be employed as executive vice president of Viacom effective May 2, 2005 and chief financial officer of Viacom effective May 11, 2005 at a salary of \$1.25 million per annum. Effective as of the date of the separation, Mr. Dolan's employment agreement will be assigned to New Viacom and Mr. Dolan will serve as the chief financial officer of New Viacom. Mr. Dolan's employment agreement provides that Viacom may assign Mr. Dolan's employment agreement to New Viacom in the event of the separation. Mr. Dolan's annual target bonus is 100% of the sum of his salary and deferred compensation. Mr. Dolan will earn deferred compensation at an annual rate of \$250,000. The amount of Mr. Dolan's salary and deferred compensation will be subject to discretionary annual merit reviews commencing May 2, 2006. Mr. Dolan will be eligible to receive annual grants of long-term compensation for the calendar years

2005 through 2008, as determined by the Viacom compensation committee, based on a target value of \$3 million. Mr. Dolan will be provided with \$5 million of life insurance. Mr. Dolan's employment agreement contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees, protecting confidential information and Viacom's ownership of work product and requiring cooperation in litigation, as well as other covenants, during his employment and for specified periods after the termination of employment. In the event of the termination of Mr. Dolan's employment by Viacom without "cause" or his voluntary termination for "good reason" (as these terms are defined in his employment agreement) during the employment term, he will be entitled to receive salary, deferred compensation and target bonus compensation and certain benefits and perquisites for the balance of the employment term, subject to mitigation after the first 12 months. Further, in such event, stock options that would have vested during the employment term will vest on the date of termination and, together with outstanding options that vested prior to the date of termination, will remain exercisable for one year after the date of termination (but not beyond the expiration of such stock options).

CERTAIN NEW VIACOM EXECUTIVE COMPENSATION PLANS

New Viacom 2006 Long-Term Management Incentive Plan

New Viacom has adopted the New Viacom 2006 Long-Term Management Incentive Plan, which we refer to in this Prospectus-Information Statement as the "New Viacom LTMIP." The New Viacom LTMIP will be effective as of the date of the separation and will initially have terms and conditions that are substantially similar to the terms and conditions of the Viacom LTMIP. The following description of the New Viacom LTMIP should be read in conjunction with, and is qualified in its entirety by reference to, the full text of the plan, a copy of which will be filed as an exhibit to the Registration Statement of which this Prospectus-Information Statement forms a part.

The New Viacom LTMIP provides for awards of stock options to purchase shares of New Viacom class B common stock, stock appreciation rights, restricted and unrestricted shares of New Viacom class B common stock, RSUs, phantom shares, dividend equivalents, performance awards and other equity-related awards and cash payments, the terms and conditions of which are described in more detail below.

The New Viacom LTMIP provides that awards may be granted to any employee of New Viacom or any of its subsidiaries. Approximately 9,550 employees of New Viacom and its subsidiaries, including officers, will be eligible for awards under the New Viacom LTMIP. Where necessary, compensation relating to awards under this plan is generally intended to qualify as "performance-based compensation" which is excluded from the \$1 million limit on deductible compensation set forth in Section 162(m) of the Code.

Subject to adjustment as described under the caption entitled "Adjustments" below, the number of shares of New Viacom class B common stock that may be issued under the New Viacom LTMIP is 50 million shares. Shares of New Viacom class B common stock issued under the New Viacom LTMIP may be authorized but unissued shares, treasury shares or, subject to conditions that the New Viacom compensation committee may determine, from shares beneficially owned by one or more stockholders of New Viacom.

Shares subject to awards under the New Viacom LTMIP will again be available for future awards upon the occurrence of specified events that result in fewer than the total number of shares subject to the award being delivered to the participants. Shares of New Viacom class B common stock that will be added back to the plan limit (and any applicable plan sub-limits) and will again be available for awards are those shares (1) tendered or withheld to pay the exercise price of an award or to satisfy any tax or other withholding obligations with respect to an award, (2) subject to an award that expires or is canceled, forfeited or terminated without having been exercised or paid, or (3) subject to an award that is instead settled in cash. In addition, if an award is settled by delivery of fewer than the full number of

shares subject to such award, then the excess, if any, of the number of shares subject to the award over the number of shares actually delivered to the participant upon settlement of the award will not be counted against the plan limit (or any applicable plan sub-limits). Shares underlying awards granted in substitution for awards previously granted by an entity acquired by New Viacom, with which New Viacom merges or otherwise combines or from which New Viacom is spun-off or otherwise separated (including awards substituted for Viacom awards in connection with the separation) will not be counted against the plan limit (or any applicable plan sub-limits). Replacement awards granted in connection with a permissible exchange offer under the plan will not be counted against the plan limit (or any applicable plan sub-limits).

The maximum aggregate number of shares of New Viacom class B common stock that may be issued pursuant to awards of (A) restricted shares, RSUs, unrestricted shares, performance shares and dividend equivalents and (B) performance units and other awards, but only if such performance units or other awards are paid or settled in shares of New Viacom class B common stock, is 25 million shares, subject to adjustment as described under the caption entitled "Adjustments" below. Of this number, New Viacom may not issue more than 27,000 shares (subject to adjustment) as unrestricted New Viacom class B common stock. The maximum aggregate number of shares of New Viacom class B common stock that may be issued in conjunction with awards of incentive stock options is 5 million shares (subject to adjustment).

For purposes of Section 162(m) of the Code, the maximum aggregate number of shares of New Viacom class B common stock that may be granted to any participant during the five-year term of the plan pursuant to stock option, stock appreciation or phantom share awards that are not subject to performance goals, as described below (regardless of whether such awards are settled in cash, in shares of New Viacom class B common stock, in other New Viacom securities designated by the New Viacom compensation committee or in a combination thereof), is 7.5 million (subject to adjustment). For awards (other than those awards described in the previous sentence) intended to satisfy the Section 162(m) exception for "qualified performance-based compensation," the maximum amount that may be granted to any participant during any performance period is \$50 million for awards denominated in cash and 750,000 shares of New Viacom class B common stock for awards denominated in shares of New Viacom class B common stock (subject to adjustment). Notwithstanding the previous sentence, if, with respect to any performance period, a participant is granted awards having an aggregate dollar value and/or number of shares less than the maximum dollar amount and/or number of shares that could have been awarded to such participant based on the degree to which the relevant performance goals were achieved, the excess of the maximum dollar amount and/or number of shares over the dollar amount and/or number of shares actually awarded will increase the maximum dollar amount and/or number of shares that may be awarded to such participant for the next performance period for which the participant is granted awards intended to satisfy the Section 162(m) exception for "qualified performance-based compensation" (subject to adjustment).

All awards under the New Viacom LTMIP are approved by the New Viacom compensation committee, in its sole discretion. For this reason, it is not possible to determine the benefits or amounts of the awards that will be received by any particular employees or group of employees in the future under the New Viacom LTMIP. As of the date of this Prospectus-Information Statement, no awards have been granted under the New Viacom LTMIP. Unless earlier terminated by action of the New Viacom board of directors, the New Viacom LTMIP will terminate on the fifth anniversary of the effective date of the plan, and no additional grants may be made after that date.

Purpose and Description of the Plan

Purpose of the Plan. The purpose of the New Viacom LTMIP is to benefit and advance the interests of New Viacom and its subsidiaries by rewarding certain employees of New Viacom and its

subsidiaries for their contributions to the financial success of New Viacom and its subsidiaries and thereby motivate them to continue to make such contributions in the future.

Administration. The New Viacom LTMIP will be administered by the New Viacom board of directors or the New Viacom compensation committee. In addition, subject to certain limitations, the New Viacom compensation committee may delegate its authority under the plan to one or more members of the New Viacom compensation committee or one or more officers of New Viacom. The New Viacom compensation committee selects the employees who receive awards under the New Viacom LTMIP, and determines the type of award to be granted, the number of shares subject to awards or the cash amount payable in connection with an award and the terms and conditions of these awards in accordance with the terms of the New Viacom LTMIP. The New Viacom compensation committee has full authority to interpret the New Viacom LTMIP and to establish rules for its administration.

With respect to any award that is intended to satisfy the exception for "qualified performance-based compensation" set forth in Section 162(m) of the Code, the New Viacom compensation committee will consist of at least the number of directors required from time to time to satisfy this exception, and each New Viacom compensation committee member will satisfy the qualification requirements of such exception. Failure of any New Viacom compensation committee member to meet these qualification requirements will not, however, invalidate any action taken or awards granted by the New Viacom compensation committee.

Substitute Awards. Notwithstanding any terms or conditions of the New Viacom LTMIP to the contrary, the New Viacom compensation committee may provide for substitute awards under the New Viacom LTMIP upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity acquired by New Viacom, with which New Viacom merges or otherwise combines or from which New Viacom is spun-off or otherwise separated (including awards substituted for Viacom awards in connection with the separation). Substitute awards may have substantially the same terms and conditions, including the same vesting provisions and exercise periods, as the awards that they replace. New Viacom shares subject to substitute awards will not count against the share limit of the New Viacom LTMIP.

Stock Options. Stock options can be either incentive stock options within the meaning of Section 422 of the Code or options that do not qualify as incentive stock options for U.S. federal income tax purposes, called non-qualified stock options, as determined by the New Viacom compensation committee.

Subject to certain limits described below, the New Viacom compensation committee has the power to determine the number and kind of stock options granted, the exercise price of the stock options, the vesting schedule applicable to such stock options, the period during which they can be exercised and any applicable performance goal requirements. The New Viacom compensation committee may, in its discretion, accelerate the vesting date of any stock option. The New Viacom compensation committee may not "reprice" any stock option (as defined in the New Viacom LTMIP), except that the New Viacom compensation committee may initiate an exchange offer prior to the first anniversary of the date of the separation that relates exclusively to stock options that were awarded in connection with the separation in substitution for stock options of Viacom granted prior to the separation. No stock option may be granted with a per share exercise price of less than 100% of the fair market value of a share of New Viacom class B common stock on the date of grant unless such stock option is an award granted in substitution for outstanding awards previously granted by an entity acquired by New Viacom (with certain limitations). Unless otherwise determined by the New Viacom compensation committee, no stock option can be exercised more than ten years after the date of grant. The exercise price of a stock option will be paid in full on or before the settlement date for the shares of New Viacom class B common stock issued pursuant to the exercise of the stock options in cash or, in the discretion of the

New Viacom compensation committee, in shares of New Viacom class B common stock (or other New Viacom securities designated by the New Viacom compensation committee) or in a combination of cash and shares (or such other securities) or with any other form of valid consideration that is acceptable to the New Viacom compensation committee. The New Viacom compensation committee may also allow a participant to pay all or a portion of the exercise price using a net share settlement procedure through the withholding of shares or through a cashless exercise procedure.

Generally, if a participant voluntarily terminates employment or his or her employment is terminated by New Viacom other than for "cause," his or her outstanding stock options may be exercised, to the extent then exercisable, for six months following the date of termination. In the event that a participant terminates employment (after reaching age 60) when he or she is eligible for immediate payment of a pension, he or she may exercise his or her stock options, to the extent then exercisable, for three years. In the event of the permanent disability of a participant, his or her stock options may be exercised, to the extent exercisable upon the date of the onset of such permanent disability, for three years following such date. In the event of a participant's death, his or her stock options may be exercised, to the extent exercisable at the date of death, by the person who acquired the right to exercise the stock options by will or the laws of descent and distribution for two years following the date of death. If any participant's employment is terminated for "cause," then, unless the New Viacom compensation committee determines otherwise, all stock options, whether or not then vested, will be forfeited by the participant effective as of the date of such termination. The New Viacom compensation committee generally has the discretion to reduce or increase the post-termination exercise periods described above but, unless the New Viacom compensation committee determines otherwise, in no event may a stock option be exercised following the earlier to occur of the expiration of the option and the tenth anniversary of the date of grant.

Stock Appreciation Rights. The New Viacom compensation committee may grant stock appreciation rights under the New Viacom LTMIP alone or in tandem with other awards. No stock appreciation right that is granted alone may be granted with a per share exercise price of less than 100% of the fair market value of a share of New Viacom class B common stock on the date of grant unless such stock appreciation right is subject to performance goals (as described below) or is an award granted in substitution for outstanding awards previously granted by an entity acquired by New Viacom (with certain limitations). Stock appreciation rights granted alone or in tandem with awards other than stock options will be subject to the terms and conditions established by the New Viacom compensation committee as set forth in the applicable award agreement.

Stock appreciation rights granted in tandem with a stock option may be granted either at the time the stock option is granted or by amendment at any time prior to the exercise, expiration or termination of such stock options. This type of stock appreciation right entitles the holder to surrender the related stock option in lieu of exercise and to receive an amount equal to the excess of the fair market value of a share of New Viacom class B common stock determined as of the day preceding the date the holder surrenders the stock option over the aggregate exercise price of such stock option. This amount will be paid in cash or, in the discretion of the New Viacom compensation committee, in shares of New Viacom class B common stock (or other New Viacom securities designated by the New Viacom compensation committee) or in a combination of cash and shares (or such other securities). No stock appreciation right granted in tandem with a stock option can be exercised unless the related stock option is then exercisable.

Restricted Shares, RSUs and Unrestricted Shares. The New Viacom compensation committee may grant restricted shares and RSUs under the New Viacom LTMIP. A restricted share is a share of New Viacom class B common stock granted to the participant subject to restrictions as determined by the New Viacom compensation committee. A RSU is a contractual right to receive, in the discretion of the New Viacom compensation committee, a share of New Viacom class B common stock (or other New Viacom securities designated by the New Viacom compensation committee), a cash payment equal to

the fair market value of a share of New Viacom class B common stock or a combination of cash and New Viacom class B common stock (or such other securities), subject to terms and conditions as determined by the New Viacom compensation committee. The New Viacom compensation committee may also, in its sole discretion, grant awards for not more than 27,000 unrestricted shares of New Viacom class B common stock (subject to adjustment) to eligible employees in recognition of outstanding achievements and performance.

Restricted shares and RSUs will be subject to a vesting schedule, which may include any applicable performance goal requirements, established by the New Viacom compensation committee. In no event may restricted shares or RSUs that vest contingent solely on the continued employment of the participant (other than replacement restricted shares and RSUs granted in connection with a permissible exchange offer under the plan) fully vest in less than three years from the date of grant. For restricted share awards, the participant will have the same rights as a holder of shares of New Viacom class B common stock except that the participant will not be entitled to be registered on the books and records of New Viacom until the shares represented thereby have vested, and the restricted shares cannot be sold, transferred, assigned, pledged or otherwise encumbered or disposed of until such shares have vested. RSUs paid in New Viacom class B common stock may be evidenced by, among other things, book-entry registration or the issuance of stock certificates for the appropriate number of shares of stock, free of restrictions.

If a participant terminates employment with New Viacom or any of its subsidiaries for any reason, or in the event of a participant's death, retirement or permanent disability, the unvested restricted shares and RSUs will be forfeited as of the date of such event, unless the New Viacom compensation committee determines otherwise. The New Viacom compensation committee may, in its discretion, accelerate the dates on which restricted shares and RSUs vest.

Phantom Shares. The value of any phantom shares granted under the New Viacom LTMIP will be determined by reference to the fair market value of a share of New Viacom class B common stock. Payments made with respect to such phantom shares are based, subject to any applicable limit on the maximum amount payable, on any increase in the appreciation value of shares of New Viacom class B common stock on specified valuation dates over the initial value of the shares. The New Viacom LTMIP empowers the New Viacom compensation committee to determine the initial value of the phantom shares as of the date of grant. The New Viacom LTMIP further empowers the New Viacom compensation committee to determine the valuation dates (not later than the eighth anniversary of the date of grant) applicable to an award of phantom shares, the period during which the phantom shares vest and any limit on the maximum amount of appreciation value payable for the phantom shares. The appreciation value of a phantom share will be paid to a participant in cash or, in the discretion of the New Viacom compensation committee, in shares of New Viacom class B common stock (or other New Viacom securities designated by the New Viacom compensation committee) or in a combination of cash and shares (or such other securities).

If a participant's employment terminates for any reason other than for "cause," or in the event of the participant's death, retirement or permanent disability, then, unless the New Viacom compensation committee determines otherwise, the cash payments for such participant's phantom shares will be the lesser of the appreciation value determined as of the date of such termination or event or as of the originally scheduled valuation dates, and such payments will be made after the originally scheduled valuation dates. All rights with respect to phantom shares that are not vested as of the date of such termination or event, as the case may be, will be relinquished by the participant. If a participant's employment is terminated for "cause," all phantom shares (whether or not vested) will be forfeited by the participant, unless the New Viacom compensation committee determines otherwise.

Performance Awards. The New Viacom compensation committee may grant performance awards in the form of either performance shares or performance units. Performance awards may be granted alone

or in addition to other awards made under the New Viacom LTMP. The terms and conditions of the performance awards will be determined by the New Viacom compensation committee, and, unless the New Viacom compensation committee determines otherwise, the granting, vesting and/or exercisability of performance awards will be conditioned in whole or in part on the achievement in whole or in part of performance goals (as described below) during a performance period as selected by the New Viacom compensation committee. Performance shares are payable in shares of New Viacom class B common stock and performance units are payable in cash or, in the discretion of the New Viacom compensation committee, in shares of New Viacom class B common stock (or other New Viacom securities designated by the New Viacom compensation committee) or in a combination of cash and shares (or such other securities).

Performance Goals. The New Viacom compensation committee may condition the grant, vesting and/or exercisability of any award, including, but not limited to, performance shares and performance units, upon the attainment of performance targets related to one or more performance goals over a performance period selected by the New Viacom compensation committee. The New Viacom compensation committee may reduce any award below the maximum amount that could be paid based on the degree to which the performance targets related to such award were attained. However, the New Viacom compensation committee may not increase any award that is intended to satisfy the exception for "qualified performance-based compensation" set forth in Section 162(m) of the Code above the maximum amount that could be paid based on the attainment of performance targets.

For any awards that are intended to satisfy the Section 162(m) exception for "qualified performance-based compensation," the awards will be subject to one or more, or any combination, of the following performance goals, as selected by the New Viacom compensation committee: OIBDA, OIBDA without intercompany eliminations, operating income, cash flow, net earnings, net earnings from continuing operations, earnings per share, revenue, net revenue, operating revenue, total stockholder 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 and profit margin. In addition, for any awards that are not intended to satisfy the Section 162(m) exception, the New Viacom compensation committee may establish performance targets based on other performance goals, as it deems appropriate. In this Prospectus-Information Statement, we refer to operating income before depreciation, amortization and intercompany eliminations as "OIBDA without intercompany eliminations" and to New Viacom's operating income before depreciation and amortization, less cash interest, taxes paid, working capital requirements and capital expenditures as "cash flow." "Operating income," "net earnings," "net earnings from continuing operations," "earnings per share," "revenue" and "net revenue" are defined in accordance with generally accepted accounting principles in the United States.

The performance targets may be based on objectives related to individual performance, New Viacom performance, or the performance of a subsidiary, division, department, region, function or business unit. The performance targets may be determined on an absolute or cumulative basis or on a percentage of improvement over time. In addition, a performance target may be measured in terms of New Viacom performance (or of the performance of a subsidiary, division, department, region, function or business unit) or measured relative to selected peer companies or a market index.

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 or circumstance, occurs which has the effect, as determined by the New Viacom compensation committee, in its sole and absolute discretion, of distorting the applicable performance criteria involving New Viacom, including, without limitation, changes in accounting standards, the New Viacom compensation committee may adjust or modify, as determined by the New Viacom compensation 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 New Viacom LTMIP for such performance period attributable to such transaction, circumstance or event.

Dividend Equivalents and Other Awards. The New Viacom compensation committee may, in its sole discretion, allow any recipient of an award under the New Viacom LTMIP to receive, currently or on a deferred basis, interest, dividends or dividend equivalent payments, with respect to the number of shares of New Viacom class B common stock covered by such award. The New Viacom compensation committee may also provide for the amount of such interest, dividend or dividend equivalent to be reinvested and/or subject to the same terms and conditions (including vesting and forfeiture provisions) as the related award.

The New Viacom compensation committee has the authority to grant other equity-related awards or cash payments, which payments may be based on one or more criteria determined by the New Viacom compensation committee, under the New Viacom LTMIP that are consistent with the purpose of the plan and the interests of New Viacom. The New Viacom compensation committee may also establish procedures for the deferral of payment of awards.

Adjustments. 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 New Viacom class B common stock or other changes in the corporate structure, equity securities or capital structure of New Viacom, the New Viacom compensation committee will make such adjustments, if any, as it deems appropriate to the number and kind of securities subject to any outstanding award, the exercise price or purchase price, if any, of any outstanding award or the initial value of any outstanding phantom shares and the maximum number or kind of securities that may be granted under the New Viacom LTMIP or under the applicable plan sub-limits or the aggregate number or kind of securities that may be granted to any participant. These adjustments will not be considered a repricing under the New Viacom LTMIP.

Transfer and Rights Restrictions. The rights of a participant with respect to any award granted under the New Viacom LTMIP will be exercisable during the participant's lifetime only by the participant and will not be transferable by the participant other than by will or the laws of descent and distribution. The New Viacom compensation committee may, however, permit other transferability, subject to any conditions and limitations that it imposes. No award will be construed as giving any employee a right to receive future awards or to continued employment with New Viacom.

Amendment and Termination of the Plan. The New Viacom board of directors may at any time alter, amend, suspend or terminate the New Viacom LTMIP, in whole or in part, except 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 New Viacom class B common stock is listed, and no termination, suspension, alteration or amendment may materially adversely alter or affect the terms of any then outstanding awards without the consent of the affected participant, unless the New Viacom compensation committee determines in its sole discretion that any such termination, suspension, alteration or amendment is necessary or desirable to comply with, to take into account changes in or to ensure that a participant is not subject to penalties under applicable laws.

Breach of Agreements. The New Viacom compensation committee may include a provision in any agreement or certificate governing an award under the plan that would require a participant to return gains realized on such award under the plan if the New Viacom compensation committee determines that a material breach of certain obligations of the participant under one or more agreements has occurred during the one-year period after the termination of the participant's employment with New Viacom or a subsidiary.

U.S. Federal Income Tax Consequences

The following discussion is intended as a general summary of the U.S. federal income tax consequences associated with the grant and exercise of stock options. This summary does not purport to be complete and does not address any applicable state or local tax law.

Non-Qualified Stock Options. In general, no taxable income is realized by the participant upon the grant of a non-qualified stock option, and no deduction generally is then available to New Viacom. Upon exercise of a non-qualified stock option, the excess of the fair market value of the shares on the date of exercise over the exercise price will be taxable to the participant as ordinary income. The amount included in the gross income of the participant will also be deductible by New Viacom. The tax basis of shares acquired by the participant will be equal to the exercise price plus the amount includable in the gross income of the participant as ordinary income. When a participant disposes of shares acquired upon exercise of a non-qualified stock option, any amount realized in excess of the fair market value of the shares on the date of exercise generally will be treated as a capital gain and will be long-term or short-term, depending on the holding period of the shares. The holding period commences upon exercise of the non-qualified stock option. If the amount received is less than such fair market value, the loss will be treated as a long-term or short-term capital loss, depending on the holding period of the shares. Certain additional rules may apply if the exercise price of a non-qualified stock option is paid in shares or other securities previously owned by the participant.

Incentive Stock Options. In general, no taxable income is realized by a participant and no tax deduction is available to New Viacom upon either the grant or exercise of an incentive stock option. If a participant holds the shares acquired upon the exercise of an incentive stock option for more than one year after the transfer of the shares upon exercise of the incentive stock option and more than two years from the date of the grant of the incentive stock option, which we refer to in this Prospectus-Information Statement as the "ISO Holding Period," the difference between the exercise price and the amount realized upon the sale of the shares will be treated as a long-term capital gain or loss and no deduction will be available to New Viacom. If the shares acquired upon exercise of the incentive stock option are disposed of before the expiration of the ISO Holding Period, the participant will realize ordinary income and New Viacom will be entitled to a deduction on the portion of the gain, if any, equal to the difference between the incentive stock option exercise price and the fair market value of the shares on the date of exercise or, if less, the difference between the amount realized on the disposition and the adjusted basis of the stock. Any further gain or loss from an arm's-length sale or exchange will be taxable as a long-term or short-term capital gain or loss, depending upon the holding period of the shares before disposition. Certain additional rules may apply if the exercise price of an incentive stock option is paid in shares or other securities previously owned by the participant.

The excess of the fair market value at the time of exercise of the shares acquired upon the exercise of an incentive stock option over the exercise price of such stock option may constitute an adjustment to taxable income for purposes of the alternative minimum tax. Special rules for computing alternative minimum taxable income also may apply in certain cases where there are subsequent sales of shares in disqualifying dispositions and to determine the basis of the stock for purposes of computing alternative minimum taxable income on the subsequent sale of the shares.

New Viacom Senior Executive Short-Term Incentive Plan

New Viacom has adopted the New Viacom Senior Executive Short-Term Incentive Plan, which we refer to in this Prospectus-Information Statement as the "New Viacom STIP." The New Viacom STIP will be effective as of the date of the separation and will initially have terms and conditions that are substantially similar to the terms and conditions of the Viacom Senior Executive Short-Term Incentive Plan, which we refer to in this Prospectus-Information Statement as the "Viacom STIP." New Viacom will submit the New Viacom STIP for the approval of its stockholders no later than the first annual

meeting that occurs more than 12 months after the separation. The following description of the New Viacom STIP should be read in conjunction with, and is qualified in its entirety by reference to, the full text of the plan, a copy of which will be filed as an exhibit to this Registration Statement of which this Prospectus-Information Statement forms a part.

The New Viacom STIP provides objective performance-based annual bonuses for selected senior executives of New Viacom, subject to a maximum limit. Approximately ten executive officers of New Viacom are expected to participate in the New Viacom STIP annually.

Amounts paid under the New Viacom STIP are intended to qualify as "performance-based compensation" which is excluded from the \$1 million limit on deductible compensation set forth in Section 162(m) of the Code. The New Viacom compensation committee will determine awards under the New Viacom STIP based upon the achievement of certain performance targets, including New Viacom performance, which are not currently determinable. For this reason, it is not possible to determine the amounts that will be received by senior executives participating in the New Viacom STIP in the future.

Purpose and Description of the Plan

Purpose of the Plan. The purpose of the New Viacom STIP is to benefit and advance the interests of New Viacom by granting annual performance-based awards to reward selected senior executive officers of New Viacom and its subsidiaries and divisions for their contributions to New Viacom's financial success and thereby motivate them to continue to make such contributions in the future.

Administration. The New Viacom STIP will be administered by the New Viacom compensation committee or another committee appointed or designated by the New Viacom board of directors. The New Viacom compensation committee will consist of at least two members of the New Viacom board of directors, each of whom must be an "outside director" within the meaning of Section 162(m) of the Code. The failure of a New Viacom compensation committee member to meet the qualification requirements of Section 162(m) of the Code will not invalidate any actions taken or awards granted by the New Viacom compensation committee. The New Viacom STIP authorizes the New Viacom compensation committee to grant awards to designated executive officers of New Viacom and its subsidiaries at the level of senior vice president or above for a given performance period.

Awards. Within the time period permitted or required under Section 162(m) of the Code for amounts payable under the New Viacom STIP to be considered "qualified performance-based compensation," the New Viacom compensation committee will (i) establish the performance period, (ii) designate the employees of New Viacom who will participate in the New Viacom STIP during the performance period, (iii) select the performance goal(s) 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. A performance period generally corresponds to New Viacom's calendar year but could, in certain circumstances, be a longer or shorter period designated by the New Viacom compensation committee.

The New Viacom STIP provides that the performance goals from which the New Viacom compensation committee can set performance targets will 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, cash flow, net earnings, net earnings from continuing operations, earnings per share, revenue, net revenue, operating revenue, total stockholder 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 New Viacom STIP further provides that the performance targets may be described in terms of objectives that are related to the individual participant or objectives that are New Viacom 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 New Viacom 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.

Shortly after the end of each performance period, the New Viacom compensation committee will certify whether the performance targets have been achieved; if so, the awards will have been earned, subject to the New Viacom compensation committee's right, in its sole discretion, to reduce the amount of the award to any participant to reflect the New Viacom compensation committee's assessment of the participant's individual performance or for any other reason. These awards will be paid, in whole or in part, in cash, in the form of grants of stock-based awards issued under the New Viacom LTMIIP, or in any other form prescribed by the New Viacom compensation committee, and may be subject to such additional restrictions as the New Viacom compensation committee, in its sole discretion, may impose. Such awards will be paid as promptly as practicable after the New Viacom compensation committee certifies the applicable performance targets have been achieved.

If the New Viacom compensation committee determines that an award will be paid in the form of a stock-based award issued under the New Viacom LTMIIP, then for purposes of determining the number of shares of New Viacom class B common stock subject to an award, New Viacom class B common stock will be valued based on its fair market value on the date such stock-based awards are granted. Under the New Viacom STIP, the "fair market value" of a share of New Viacom class B common stock on a given date will be, unless otherwise determined by the New Viacom compensation 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 New Viacom class B common stock is then listed. Where awards are paid in property other than cash and New Viacom class B common stock, the value of such awards, for purposes of the New Viacom STIP, will be determined by reference to the fair market value of the property on the date the New Viacom compensation committee grants the award of such property. The New Viacom compensation committee may establish procedures pursuant to which the payment of any award may be deferred.

To receive an award under the New Viacom STIP, the participant must have remained in the continuous employ of New Viacom or its subsidiaries during the performance period applicable to such participant. If New Viacom 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 or dies during a performance period, such participant or his or her estate will receive, unless his or her employment agreement provides otherwise, a pro rata portion of the amount of any award for such performance period, subject to the New Viacom compensation committee's right, in its sole discretion, to reduce the amount of such award to reflect the New Viacom compensation 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.

Maximum Award. The New Viacom STIP provides that the maximum award to any participant for any performance period cannot exceed eight times such participant's "salary." Under the New Viacom STIP, "salary" for any performance period means 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 date 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 New Viacom.

The maximum dollar amount of compensation that could be payable to any participant for any performance period under the New Viacom STIP is \$49.6 million. This amount equals the maximum award that could be payable to the chief executive officer of New Viacom for the 2008 calendar year.

Adjustments. 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 New Viacom compensation committee in its sole and absolute discretion, of distorting the applicable performance goals, including, without limitation, changes in accounting standards, the New Viacom compensation committee may adjust or modify, as determined by the New Viacom compensation 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 the reduction or enlargement of participants' awards under the New Viacom STIP for such performance period attributable to such transaction, circumstance or event. Such adjustments will be conclusive and binding for all purposes.

Transfer Restrictions, Etc. The rights of a participant to receive awards under the New Viacom STIP will not be transferable by a participant to whom such award is granted other than by will or the laws of descent and distribution. No employee will have any claim or right to receive awards under the New Viacom STIP. Neither the New Viacom STIP nor any action taken thereunder will be construed as giving any employee a right to continued employment with New Viacom.

Amendment and Termination of the Plan. The New Viacom board of directors may at any time alter, amend, suspend or terminate the New Viacom STIP in whole or in part. No alteration, amendment, suspension or termination of the New Viacom STIP 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 New Viacom compensation committee determines in its sole discretion that any such alteration, amendment, suspension or termination is necessary or prudent to comply with, to take into account changes in or to ensure that a participant is not subject to penalties under applicable laws.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF NEW VIACOM

The table below sets forth certain information concerning the beneficial ownership of shares of New Viacom class A common stock and New Viacom class B common stock following the consummation of the separation by: (i) each person who will serve as a New Viacom director; (ii) each person who will serve as a New Viacom named executive officer based on compensation from Viacom as of December 31, 2004; (iii) the persons who will serve as the directors and executive officers of New Viacom as a group; and (iv) persons who, to Viacom's knowledge, will be holders of 5% or more of shares of New Viacom class A common stock. Except as otherwise noted below, the information presented is based on such persons' ownership of Viacom class A common stock and/or Viacom class B common stock as of August 31, 2005, adjusted to give effect to the exchange ratio, and assumes the transaction occurred on August 31, 2005. The information below does not reflect (i) ownership of stock options or RSUs if such stock options or RSUs do not become exercisable or vest within 60 days from August 31, 2005 or (ii) holdings of CBS Corp. common stock by such persons as a result of the separation. Each person will have sole voting and investment power over the shares reported unless otherwise noted.

As of August 31, 2005, there were 131,486,804 shares of Viacom class A common stock outstanding and 1,441,666,509 shares of Viacom class B common stock outstanding and, after giving effect to the exchange ratio, there would have been, as of such date, 65,743,402 shares of New Viacom class A common stock outstanding and 720,833,254 shares of New Viacom class B common stock outstanding.

Edgar Filing: VIACOM INC - Form S-4/A

Beneficial Ownership of Equity Securities

Name	Title of Equity Security	Number of Equity Shares(1)	Option Shares(1)	Percentage of Class(1)
George S. Abrams	New Viacom class A common stock	9,726(2)		*
	New Viacom class B common stock	23,007(2)(3)	25,333	*
Robert M. Bakish	New Viacom class A common stock			*
	New Viacom class B common stock	866(4)(5)	425,000	*
Philippe P. Dauman	New Viacom class A common stock			*
	New Viacom class B common stock	2,500	23,333	*
Michael J. Dolan	New Viacom class A common stock			*
	New Viacom class B common stock			*
Thomas E. Dooley	New Viacom class A common stock	2,118(5)		*
	New Viacom class B common stock	2,590(5)		*
Thomas E. Freston	New Viacom class A common stock	37(5)		*
	New Viacom class B common stock	420(4)(5)	4,572,000	*
Michael D. Fricklas	New Viacom class A common stock	23(5)		*
	New Viacom class B common stock	728(5)	770,000	*
Ellen V. Futter	New Viacom class A common stock			*
	New Viacom class B common stock			*
Alan C. Greenberg	New Viacom class A common stock			*
	New Viacom class B common stock	11,321	11,333	*
Robert K. Kraft	New Viacom class A common stock			*
	New Viacom class B common stock	3,750(3)		*
Charles E. Phillips, Jr.	New Viacom class A common stock	558(2)		*
	New Viacom class B common stock	564(2)	10,000	*
Shari Redstone	New Viacom class A common stock	115(2)(6)		*
	New Viacom class B common stock	1,616(2)(3)(6)		*
Sumner M. Redstone(9)	New Viacom class A common stock	46,829,454(7)	12,196,000	71.2%
	New Viacom class B common stock	44,604,763(5)(7)		6.2%
Frederic V. Salerno	New Viacom class A common stock	7,385(2)		*
	New Viacom class B common stock	12,410(2)	16,333	*
William Schwartz	New Viacom class A common stock	10,600(2)		*
	New Viacom class B common stock	15,260(2)	19,333	*
NAIRI(10)	New Viacom class A common stock	46,829,414(8)		71.2%
NAI(10)	New Viacom class B common stock	44,599,491(8)		6.2%
Mario J. Gabelli(12) Gabelli Asset Management Inc.(12)	New Viacom class A common stock	4,721,823(11)		7.2%
Current directors and executive officers of New Viacom as a group, other than Mr. Sumner M. Redstone (19 persons)	New Viacom class A common stock	30,850		*
	New Viacom class B common stock	79,783	6,468,332	*

*

Represents less than 1% of the outstanding common stock of the class.

(1)

Amounts shown under "Number of Equity Shares" have been adjusted to give effect to the exchange ratio. Amounts shown under "Option Shares" do not reflect the adjustments to the number of options that will be made in connection with the separation, and are excluded from the calculation of

Edgar Filing: VIACOM INC - Form S-4/A

"Percentage of Class." For a discussion of the adjustments with respect to Viacom equity-based awards in connection with the separation, see the section entitled "The Separation Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards" beginning on page 53.

- (2) Includes the following New Viacom class A stock units and New Viacom class B stock units credited pursuant to Viacom's deferred compensation plan for outside directors: Abrams, 9,726 shares of New Viacom class A common stock and 9,907 shares of New Viacom class B common stock; Phillips, 558 shares of New Viacom class A common stock and 564 shares of New Viacom class B common stock; Ms. Redstone, 115 shares of New Viacom class A common stock and 116 shares of New Viacom class B common stock; Salerno, 7,385 shares of New Viacom class A common stock and 7,410 shares of New Viacom class B common stock; and Schwartz, 10,600 shares of New Viacom class A common stock and 10,760 shares of New Viacom class B common stock.
- (3) Includes (a) for Mr. Abrams, 100 shares of New Viacom class B common stock held in a family trust for which he is co-trustee and as to which he disclaims beneficial ownership; (b) for Mr. Kraft, 3,750 shares of New Viacom class B common stock held by Kraft Family Investment LLC; and (c) for Ms. Redstone, 1,500 shares of New Viacom class B common stock held in trusts for the benefit of Ms. Redstone's children for which she is a co-trustee.

Edgar Filing: VIACOM INC - Form S-4/A

- (4) The following shares which are included in the security ownership table for the indicated director or officer are owned by family members: Mr. Bakish, 211 shares of New Viacom class B common stock, as to which he disclaims beneficial ownership; and Mr. Freston, 32 shares of New Viacom class B common stock, as to which he disclaims beneficial ownership.
- (5) Includes shares held through the Viacom 401(k) plan.
- (6) Ms. Redstone is a stockholder of NAI and has a significant indirect beneficial interest in the New Viacom shares owned by NAI.
- (7) Except for 40 shares of New Viacom class A common stock and 5,040 shares of New Viacom class B common stock owned directly by Mr. Redstone, 132 shares of New Viacom class B common stock held by Mr. Redstone through the Viacom 401(k) plan, and 100 shares of New Viacom class B common stock held by Mr. Redstone's wife, all shares are owned beneficially by NAI.
- (8) Mr. Redstone is the beneficial owner of the controlling interest in NAI and, accordingly, beneficially owns all such shares. NAIRI is a wholly owned subsidiary of NAI.
- (9) The address for Mr. Redstone is c/o Viacom Inc., 1515 Broadway, New York, New York 10036.
- (10) The address for NAI and NAIRI is 200 Elm Street, Dedham, Massachusetts 02026.
- (11) This information is based on Amendment No. 9 to Schedule 13D filed with the SEC by Gabelli Asset Management Inc. et al. on September 1, 2005 with respect to Viacom class A common stock. The Amendment No. 9 to Schedule 13D reported that Gabelli entities have investment discretion and/or voting power with respect to substantially all of the shares.
- (12) The address for Mario J. Gabelli and Gabelli Asset Management Inc. is One Corporate Center, Rye, New York 10580.

Change in Control Transactions

Viacom does not know of any existing arrangements between any persons, the operation of which could result in a change of control of New Viacom at any subsequent date.

NEW VIACOM RELATED PARTY TRANSACTIONS

NAI, the controlling stockholder of New Viacom, licenses films in the ordinary course of its business for its motion picture theaters from all major studios, including Paramount Pictures, a division of New Viacom. Payments by NAI to Paramount Pictures for film licenses amounted to approximately \$11.2 million in the nine months ended September 30, 2005, \$11.2 million in 2004, \$9.6 million in 2003 and \$12.3 million in 2002. NAI also licenses films from a number of unaffiliated companies. New Viacom expects to continue to license Paramount Pictures films to NAI on similar terms in the future. In addition, NAI and Paramount Pictures have co-op advertising arrangements pursuant to which Paramount Pictures paid NAI approximately \$512,000 in the nine months ended September 30, 2005, \$836,000 in 2004, \$590,000 in 2003 and \$657,000 in 2002. Various divisions of New Viacom also engage in transactions with NAI (e.g., movie ticket purchases and various promotional activities) from time to time, none of which New Viacom believes will be material, either individually or in the aggregate. New Viacom believes that the terms of these transactions between NAI and Paramount Pictures and its various other divisions were no more or less favorable to Paramount Pictures and its various other divisions than transactions between unaffiliated companies and NAI.

On October 28, 2004, Viacom entered into 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 \$8.0 billion stock purchase program announced in October 2004. Viacom recorded the purchase of 11.8 million shares of Viacom class B common stock from NAIRI for approximately \$413.7 million for the nine months ended September 30, 2005 and recorded the purchase of 6.3 million shares of Viacom class B common stock from NAIRI for approximately \$226.6 million in 2004. The purchase price for the shares of Viacom common stock is determined on a monthly basis based on the volume-weighted average trading prices for the Viacom class B common stock as reported by Bloomberg for trades permitted under Rule 10b-18 of the Exchange Act on days on which Viacom purchased Viacom common stock in the open market under Viacom's stock purchase program. New Viacom currently anticipates that it will

enter into an agreement with NAI and NAIRI following the consummation of the separation that will be on substantially similar terms as the NAIRI agreement.

In September 2005, Cinemas International Corporation N.V., a joint venture between Viacom and Vivendi Universal, in which joint venture Viacom owns a 50% interest, 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 an arm's length basis, and Viacom believes the terms are no more or less favorable than those that might have been negotiated with an unaffiliated party.

Mr. Redstone and NAI own in the aggregate approximately 89% of the common stock of Midway as of November 2, 2005. Midway places advertisements on several of New Viacom's cable networks from time to time, which amounted to approximately \$2.8 million in the nine months ended September 30, 2005, \$5.5 million in 2004, \$1.4 million in 2003 and \$2.0 million in 2002. In addition, in 2004, Paramount Pictures, MTV Films and Midway announced agreements pursuant to which Paramount Pictures and MTV Films will acquire the film rights for certain Midway video games. No amounts were paid with respect to these agreements in 2004 or the nine months ended September 30, 2005. In June 2005, MTV Networks and Midway entered into marketing and licensing arrangements with respect to certain Midway game titles. Under the arrangements, MTV Networks will provide certain licenses to Midway and has the option to provide marketing support for the game titles. If the option is exercised, Midway has committed to purchasing advertising time from MTV Networks, paying MTV Networks a royalty on sales of the game titles, and allowing MTV Networks to sell certain advertisements within the games. No amounts were paid in respect of these arrangements in the nine months ended September 30, 2005. New Viacom believes that the volume and terms of these transactions were no more or less favorable to the respective New Viacom subsidiaries than they would have obtained from unrelated parties. New Viacom may continue to enter into similar business transactions with Midway in the future.

Mr. Redstone and NAI also own in the aggregate approximately 14% of the common stock of WMS Industries Inc., which we refer to in this Prospectus-Information Statement as "WMS", as of September 8, 2005. Paramount Pictures has licensed to WMS the right to use certain brands for slot machines that WMS produces. WMS paid Paramount Pictures an aggregate of approximately \$40,000 in the nine months ended September 30, 2005 and \$500,000 in 2004 in connection with these agreements. New Viacom believes that the terms of the licensing arrangements were no more or less favorable to Paramount Pictures than it would have obtained from unrelated parties. Paramount Pictures may continue to enter into licensing agreements with WMS in the future.

NAI and AMC Entertainment, Inc., which also operates movie theater chains, entered into a joint venture agreement on February 29, 2000 with Hollywood Media Corp. (formerly known as Hollywood.com) to form MovieTickets.com, Inc., which we refer to in this Prospectus-Information Statement as "MovieTickets.com." NAI owns approximately 27% of MovieTickets.com. Ms. Shari Redstone, who will serve as the vice chair of the New Viacom board of directors, is president and a director of NAI and is co-chairman and co-chief operating officer of MovieTickets.com. Viacom acquired a 5% interest in MovieTickets.com in exchange for \$25 million worth of advertising during the five-year period beginning August 2000 and currently owns a 4.1% interest in MovieTickets.com. This contract expired on July 31, 2005. Viacom divisions provided \$4.2 million of this advertising time in the nine months ended September 30, 2005, \$3.6 million in 2004, \$5.3 million in 2003 and \$3.6 million in 2002. In addition, Paramount Pictures pays MovieTickets.com service charges in connection with movie tickets purchased through MovieTickets.com. These service charges amounted to approximately \$19,000 in the nine months ended September 30, 2005, \$102,000 in 2004, \$59,000 in 2003 and \$88,000 in 2002. New Viacom believes that the terms of these transactions were no more or less favorable to New Viacom and its various subsidiaries than they would have obtained from unrelated parties.

Mr. George S. Abrams, who will be a director of New Viacom following the separation and is also a director of NAI, entered into an agreement with Viacom in 1994 to provide legal and governmental consulting services to Viacom. Viacom made payments to Mr. Abrams for such services of \$90,000 in the nine months ended September 30, 2005 and \$120,000 in 2004, 2003 and 2002.

Mr. Philippe P. Dauman, who will be a director of New Viacom following the separation and is a director of NAI, was formerly deputy chairman and executive vice president of Viacom. Pursuant to an agreement entered into with Viacom in 1999, Mr. Dauman resigned shortly before Viacom's merger with the former CBS Corporation. As part of the agreement, Viacom provided Mr. Dauman with an office in Manhattan and a secretary until December 31, 2003. Mr. Dauman received \$391,000 in 2003 and \$377,000 in 2002 in connection with these expenses. Mr. Dauman also continued to participate in all savings, retirement, welfare and fringe benefit plans of Viacom, or received the cash equivalent of these benefits with an income tax gross-up, through December 31, 2003.

Mr. Thomas E. Dooley, who will be a director of New Viacom following the separation, was formerly deputy chairman and executive vice president of Viacom. Pursuant to an agreement entered into with Viacom in 1999, Mr. Dooley resigned shortly before Viacom's merger with the former CBS Corporation. As part of the agreement, Viacom provided Mr. Dooley with an office in Manhattan and a secretary until December 31, 2003. Mr. Dooley received \$388,000 in 2003 and \$393,000 in 2002 in connection with these expenses. Mr. Dooley also continued to participate in all savings, retirement, welfare and fringe benefit plans of Viacom, or received the cash equivalent of these benefits with an income tax gross-up, through December 31, 2003.

Mr. Dauman and Mr. Dooley are co-owners of DND Capital Partners, L.L.C., which beneficially owns more than 10% of The Tennis Channel, which paid in 2003 and 2002 approximately \$550,000 to the affiliate sales division of Comedy Central, a subsidiary of Viacom since May 2003, for affiliate relations services. Comedy Central entered into the agreement with The Tennis Channel before it became a subsidiary of Viacom. The agreement was negotiated without Mr. Dauman's or Mr. Dooley's participation and terminated shortly after Comedy Central became a subsidiary of Viacom. New Viacom believes the terms were no more or less favorable than similar agreements.

Mr. Alan C. Greenberg is chairman of the executive committee and a member of the board of directors of Bear Stearns. Bear Stearns administers Viacom's stock repurchase program and served as co-dealer manager for Viacom's split-off of Blockbuster in 2004. Bear Stearns also is acting as one of Viacom's financial advisors in connection with the separation and may receive a fee for its services not in excess of customary amounts. Bear Stearns is expected to continue to perform certain broker services for New Viacom and may provide investment banking services from time to time.

Mr. William Schwartz, who will be a director of New Viacom following the separation, is counsel to Cadwalader, Wickersham & Taft LLP. During 2004, Cadwalader, Wickersham & Taft LLP provided legal services to Viacom with respect to a former CBS Corporation litigation matter that commenced prior to the former CBS Corporation's merger with Viacom in May 2000. Mr. Schwartz did not perform any legal services in connection with the matter and is not a member of the department at Cadwalader, Wickersham & Taft LLP handling the matter. In addition, Mr. Schwartz does not participate in the profits of Cadwalader, Wickersham & Taft LLP and did not receive any compensation from Cadwalader, Wickersham & Taft LLP related to the legal services provided to Viacom. The matter has been resolved, and Viacom has not made any payments to, or incurred any obligations in respect of legal services to, Cadwalader, Wickersham & Taft LLP in the nine months ended September 30, 2005.

Travis Griffith, the son of Ms. JoAnne Griffith, works in the human resources department of MTV Networks in Chicago. His compensation in 2004 was approximately \$67,000, not including reimbursement of certain relocation expenses in the amount of approximately \$10,000. His compensation is comparable to other MTV Networks employees at a similar level.

Irwin Robinson, the father of Ms. Carole Robinson, is chairman and chief executive officer of Famous Music. Mr. Robinson's compensation is comparable to senior executives in similar positions at Viacom.

In November 1995, Viacom entered into an agreement with Gabelli Asset Management Company, which we refer to in this Prospectus-Information Statement as "GAMCO," pursuant to which GAMCO manages certain assets in the Viacom pension plan. Viacom paid GAMCO approximately \$262,000 in the nine months ended September 30, 2005, \$324,000 in 2004, \$287,000 in 2003 and \$385,000 in 2002 for such investment management services. Viacom believes that the terms of the agreement with GAMCO are no more or less favorable to Viacom than it could have obtained from a company that did not have an interest in Viacom. The fiduciaries of the New Viacom pension plan will determine if GAMCO will be retained to manage any of the assets of that plan after the separation. According to an amendment to its Schedule 13D filed on September 1, 2005 with the SEC by entities that are affiliated with GAMCO, such entities own 9,443,647 shares of Viacom's class A common stock, or approximately 7.18% of the outstanding shares of that class. As a result of the separation, such entities will own a proportional amount of New Viacom class A common stock.

For information regarding certain agreements that are or will be in place between New Viacom and CBS Corp. after the separation, see the section entitled "Arrangements Between New Viacom and CBS Corp. After the Separation" beginning on page 232.

Disinterested members of the Viacom board of directors or an appropriate board committee review certain related party transactions to ensure they are in the best interests of Viacom. For example, Viacom's entry into the NAIRI agreement was reviewed by the Viacom audit committee and the sale of UCI's Brazilian movie operations to NAI was reviewed by the Viacom directors who do not also sit on NAI's board of directors. Viacom and New Viacom intend to continue this practice.

POSSIBLE OFFER TO EXCHANGE STOCK OPTIONS FOR RSUs

The Viacom board of directors, upon the recommendation of the future management of New Viacom and of the Viacom compensation committee, has indicated its support for a plan under which New Viacom would offer its employees following the separation the opportunity, at each option holder's election, to exchange certain of their employee stock options for RSUs of New Viacom. The voluntary exchange offer would, on a discounted-from-fair-value basis, exchange vested stock options that have an exercise price in excess of a certain market value for fewer RSUs while also adding vesting requirements. In the case of individuals who will be executive officers of New Viacom, these vesting requirements may be based on the attainment of pre-established performance goals. Employees who accept the exchange offer would be required to exchange all of their eligible stock options. The exchange offer would be intended to accomplish a number of important objectives, including the fundamental objective of retaining employees through the transition to separate companies and providing incentives that align employees' interests with those of stockholders. By reintroducing vesting restrictions where today the vast majority of options are fully vested, New Viacom will significantly improve the retentive effect of its long-term incentives to ensure the continuity of its management personnel. In addition, New Viacom expects that, upon completion, the exchange offer would reduce the overhang and potential dilution associated with New Viacom's long-term incentives.

While the Viacom board of directors supports the proposed exchange offer, it believes that the final decision whether to proceed with the offer and the specific timing and final terms of the offer should be determined following the separation by the New Viacom board of directors upon the recommendation of the New Viacom compensation committee.

NEW VIACOM MARKET PRICE INFORMATION AND DIVIDEND POLICY

Market Price Information

Prior to the separation, there has been no public market for New Viacom class A common stock or New Viacom class B common stock. Following the separation, New Viacom class A common stock and New Viacom class B common stock will be listed, subject to official notice of issuance, on the New York Stock Exchange under the symbols "VIA" and "VIA.B," respectively.

Dividend Policy

New Viacom does not currently anticipate paying dividends on New Viacom common stock. The declaration and payment of dividends to holders of New Viacom common stock will be at the discretion of the New Viacom board of directors and will depend upon many factors, including its financial condition, earnings, legal requirements and such other factors as the New Viacom board of directors deems relevant.

DESCRIPTION OF NEW VIACOM CAPITAL STOCK

General

The following is a description of the material terms of New Viacom's capital stock after the separation. The following description is not meant to be complete and is qualified by reference to the New Viacom certificate of incorporation and bylaws and the DGCL. Copies of the New Viacom certificate of incorporation and bylaws as in effect following the separation have been filed as exhibits to the Registration Statement of which this Prospectus-Information Statement forms a part and are incorporated by reference herein. For more information on how you can obtain copies of these documents, see the section entitled "Other Information Where You Can Find More Information" beginning on page 238. You are urged to read the New Viacom certificate of incorporation and bylaws in their entirety.

New Viacom's authorized capital stock will consist of 5.4 billion shares of capital stock, of which:

375 million shares are designated as class A common stock, par value \$0.001 per share;

5 billion shares will be designated as class B common stock, par value \$0.001 per share; and

25 million shares will be designated as preferred stock, par value \$0.001 per share.

Each of New Viacom class A common stock and New Viacom class B common stock will constitute a class of common stock under the DGCL.

None of the 25 million authorized shares of preferred stock will be issued and outstanding after the consummation of the merger.

Common Stock

All issued and outstanding shares of New Viacom class A common stock and New Viacom class B common stock will be identical and the holders of such shares will be entitled to the same rights and privileges, except as provided in the New Viacom certificate of incorporation as described below.

Voting Rights. Holders of New Viacom class A common stock will be entitled to one vote per share with respect to all matters on which the holders of New Viacom common stock will be entitled to vote and the affirmative vote of a majority of the outstanding shares of class A common stock, voting separately as a class, will be necessary to approve any merger or consolidation of New Viacom pursuant to which shares of New Viacom common stock are converted into or exchanged for any other securities or consideration.

Holders of New Viacom class B common stock will not have any voting rights, except as required by Delaware law.

Generally, all matters to be voted on by the stockholders of New Viacom must be approved by a majority of the aggregate voting power of the shares of capital stock of New Viacom present in person or represented by proxy, except as required by Delaware law.

Dividends. Holders of New Viacom class A common stock and New Viacom class B common stock will share ratably in any cash dividend declared by the New Viacom board of directors, subject to any preferential rights of any outstanding preferred stock. If the New Viacom board of directors declares a dividend of any securities of New Viacom or another entity, the board of directors will determine whether the holders of New Viacom class A common stock and New Viacom 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 New Viacom class A common stock outstanding, each share of New Viacom class A common stock will be convertible at the option of the holder of such share into one share of New Viacom class B common stock.

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

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

Preemptive Rights. Shares of New Viacom class A common stock and New Viacom class B common stock will not entitle a holder to any preemptive rights enabling a holder to subscribe for or receive shares of stock of any class or any other securities convertible into shares of stock of any class of New Viacom. The New Viacom board of directors will possess the power to issue shares of authorized but unissued New Viacom class A common stock and New Viacom class B common stock without further stockholder action, subject to the requirements of applicable law and stock exchanges. The number of authorized shares of New Viacom class A common stock and New Viacom class B common stock could be increased with the approval of the holders of a majority of the outstanding shares of New Viacom class A common stock and without any action by the holders of shares of New Viacom class B common stock.

Other Rights. The New Viacom certificate of incorporation will provide that New 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.

The outstanding shares of New Viacom common stock, on the effective date, will be validly issued, fully paid and nonassessable.

Preferred Stock

The New Viacom board of directors will be empowered, without the approval of the stockholders of New Viacom, to cause shares of preferred stock to be issued from time to time in one or more series, with the numbers of shares of each series and the designations, preferences and relative, participating, optional, dividend and other special rights of the shares of each such series and the

qualifications, limitations, restrictions, conditions and other characteristics thereof as fixed by the New Viacom board of directors. Among the specific matters that may be determined by the New Viacom board of directors are the following:

the designation of each series;

the number of shares of each series;

the rate of dividends, if any;

whether dividends, if any, shall be cumulative or noncumulative;

the terms of redemption, if any;

the rights of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of New Viacom;

the rights and terms of conversion or exchange, if any;

whether the preferred shares will be subject to the operation of sinking funds; and

the voting rights, if any.

The New Viacom board of directors may, without stockholder approval, issue preferred stock with voting and other rights that could have an adverse impact on the rights of the holders of New Viacom class A common stock and New Viacom class B common stock, including, without limitation, their voting power. However, the New Viacom board of directors may not issue any preferred stock, or preferred stock that is convertible into or exchangeable for other securities, that, in the aggregate with all other outstanding shares of preferred stock, could elect a majority of the board of directors, unless such issuance has been approved by the holders of a majority of the outstanding shares of New Viacom class A common stock, voting separately as a class. There are no present plans to issue any shares of preferred stock. The ability of the New Viacom board of directors to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change in control of New Viacom or the removal of the existing management.

Corporate Opportunities

The New Viacom certificate of incorporation will contain provisions related to certain corporate opportunities that may be of interest to both CBS Corp. and New Viacom. These provisions provide that in the event that a director, officer or controlling stockholder of New Viacom who is also a director, officer or controlling stockholder of CBS Corp. acquires knowledge of a potential corporate transaction or matter that may be a corporate opportunity for both New Viacom and CBS Corp.:

New Viacom will renounce any interest in or expectancy with respect to such corporate opportunity if such director, officer or controlling stockholder (A) presents such opportunity to CBS Corp. or (B) does not communicate information regarding such opportunity to New Viacom because that person has directed the opportunity to CBS Corp., and

such director, officer or controlling stockholder may present such corporate opportunity to either CBS Corp. or New Viacom or to both, as such director, officer or controlling stockholder deems appropriate under the circumstances in such person's sole discretion, and by doing so such director, officer or controlling stockholder (A) will have fully satisfied and fulfilled such person's fiduciary duty to New Viacom and its stockholders with respect to such corporate opportunity, (B) will not be liable to New Viacom or its stockholders for breach of any fiduciary duty, or for failure to act in (or not opposed to) the best interests of New Viacom, or for the derivation of any improper personal benefit if CBS Corp. pursues or acquires such

corporate opportunity for itself or directs such corporate opportunity to another person or does not communicate

Edgar Filing: VIACOM INC - Form S-4/A

information regarding such corporate opportunity to New Viacom, and (C) will 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 New Viacom and its stockholders.

In addition, the New Viacom certificate of incorporation will provide that, except as otherwise agreed to in writing by New Viacom and CBS Corp.:

neither New Viacom nor CBS Corp. will have any duty to refrain from engaging, directly or indirectly, in the same or similar activities or lines of business as the other company, doing business with any potential or actual customer or supplier of the other company, or employing or engaging or soliciting for employment any officer or employee of the other company, and

no officer or director of New Viacom or CBS Corp. will be liable to the other company or to the other company's stockholders for breach of any fiduciary duty by reason of any such activities of New Viacom or CBS Corp., as applicable.

Limitation on Liability of Directors

The New Viacom certificate of incorporation will provide that its directors will not be personally liable to New Viacom or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware law, but such directors will nonetheless be liable:

for any breach of the director's duty of loyalty to New Viacom or its stockholders;

for any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;

for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; or

for any transaction from which the director derived an improper personal benefit.

The inclusion of these provisions in the New Viacom certificate of incorporation may have the effect of reducing the likelihood of stockholder litigation against its directors and may discourage or deter New Viacom or its stockholders from bringing a lawsuit against the directors of New Viacom for breach of their duty of care, even though such an action, if successful, might otherwise have benefited New Viacom and its stockholders.

Anti-Takeover Provisions of the New Viacom Certificate of Incorporation and Bylaws

Some of the provisions of the New Viacom certificate of incorporation and bylaws could have the following effects, among others:

delaying, deferring or preventing a change in control of New Viacom;

delaying, deferring or preventing the removal of the existing management or directors of New Viacom;

detering potential acquirors from making an offer to the stockholders of New Viacom; and

limiting New Viacom's stockholders' opportunity to realize premiums over prevailing market prices of New Viacom common stock in connection with offers by potential acquirors.

The following is a summary of those provisions of the New Viacom certificate of incorporation and bylaws that could have the effects described above.

Directors, and Not Stockholders, Fix the Size of the New Viacom Board of Directors. The New Viacom certificate of incorporation and bylaws will provide that the number of directors shall be fixed

from time to time exclusively pursuant to a resolution adopted by a majority of the New Viacom board of directors, but in no event shall it consist of less than three or more than 20 directors.

Board Vacancies to Be Filled by Remaining Directors and Not Stockholders. The New Viacom bylaws will provide that any vacancies on its board of directors will be filled by the affirmative vote of the majority of the remaining directors then in office, even if such directors constitute less than a quorum, or by a sole remaining director.

Section 203 of the Delaware General Corporation Law

New Viacom, a Delaware corporation, will be subject to Section 203 of the DGCL. Generally, Section 203 of the DGCL prohibits a publicly held Delaware company from engaging in a business combination (as described below) with an interested stockholder (as described below) for a period of three years after the time such stockholder became an interested stockholder unless certain specified conditions are satisfied. The prohibitions set forth in Section 203 of the DGCL do not apply if:

prior to the time the stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding specified shares; or

at or subsequent to the time the stockholder became an interested stockholder, the business combination is approved by the board of directors and authorized at an annual or special meeting, and not by written consent, by the affirmative vote of at least 66²/₃% of the outstanding voting stock that is not owned by the interested stockholder.

Under Section 203 of the DGCL, a "business combination" includes:

any merger or consolidation of the corporation with the interested stockholder;

any sale, lease, exchange or other disposition, except proportionately as a stockholder of such corporation, to or with the interested stockholder of assets of the corporation having an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the corporation or the aggregate market value of all the outstanding stock of the corporation;

transactions resulting in the issuance or transfer by the corporation of stock of the corporation to the interested stockholder;

transactions involving the corporation which have the effect of increasing the proportionate share of the corporation's stock of any class or series that is owned by the interested stockholder; or

transactions in which the interested stockholder receives financial benefits provided by the corporation.

Under Section 203 of the DGCL, an "interested stockholder" generally is:

any person that owns 15% or more of the voting power of the outstanding stock of the corporation;

any person that is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether or not such person is an interested stockholder; and

the affiliates or associates of either of the preceding two categories.

For a variety of reasons, including the length of time that NAI has beneficially owned more than 15% of New Viacom's voting stock, the restrictions on business combinations contained in Section 203 of the DGCL will not be applicable to business combinations between New Viacom and NAI even though NAI will beneficially own more than 15% of the voting power of New Viacom's outstanding stock. If any other person acquires 15% or more of the voting power of New Viacom's outstanding voting stock, such person will be subject to the restrictions contained in Section 203 of the DGCL unless the prohibitions set forth in Section 203 of the DGCL do not apply for one of the reasons described above.

Under some circumstances, Section 203 of the DGCL will make it more difficult for an interested stockholder to effect various business combinations with New Viacom for a three-year period, although the stockholders of New Viacom may cause the prohibitions of Section 203 of the DGCL not to apply as described above.

In addition, Section 203 of the DGCL makes a takeover of a company more difficult and may have the effect of diminishing the possibility of certain types of two-step acquisitions or other unsolicited attempts to acquire a company. This may further have the effect of preventing changes in the board of directors of a company, and it is possible that such provisions could make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

Action by Written Consent

Under the DGCL, unless a company's certificate of incorporation expressly prohibits action by the written consent of stockholders, any action required or permitted to be taken by its stockholders at a duly called annual or special meeting may be taken by a consent in writing executed by stockholders possessing the requisite votes for the action to be taken. The New Viacom certificate of incorporation will not expressly prohibit action by the written consent of stockholders. As a result, NAIRI, a wholly owned subsidiary of NAI, who as of the date of the consummation of the separation will control a majority of the total outstanding voting power of New Viacom, will be able to take any action to be taken by stockholders without the necessity of holding a stockholders' meeting (other than with respect to certain matters as to which a separate class vote of the holders of shares of New Viacom common stock is required).

DESCRIPTION OF NEW VIACOM FINANCING ARRANGEMENTS

New Viacom has received financing commitments, subject to the satisfaction of customary conditions, for a \$6.0 billion bridge term facility that will be used to fund the special cash dividend to be paid to Viacom (to be renamed CBS Corporation) shortly prior to the separation and for a five-year revolving credit facility to be effective at the time of separation that will also provide for New Viacom's ongoing borrowing and liquidity needs. See Note 2 to the New Viacom unaudited pro forma combined condensed financial statements beginning on page 158.

**NEW VIACOM UNAUDITED PRO FORMA
COMBINED CONDENSED FINANCIAL INFORMATION**

On June 14, 2005, the Viacom board of directors unanimously approved the separation of Viacom into two publicly traded companies consisting of the businesses of New Viacom and CBS Corp., subject to market conditions and the approval by the Viacom board of directors of the material terms of the separation and certain other matters. New Viacom will be named "Viacom Inc." On November 21, 2005, the Viacom board of directors determined that the merger and the separation are in the best interests of Viacom's stockholders and, accordingly, approved the merger agreement and the separation. On the same day, Viacom, New Viacom and Merger Sub executed the merger agreement and NAIRI, a wholly owned subsidiary of Viacom's controlling stockholder, NAI, executed a written consent adopting the merger agreement. On the effective date of the separation, each outstanding share of Viacom class A common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock. Similarly, each outstanding share of Viacom class B common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock.

The following unaudited pro forma combined condensed balance sheet of New Viacom as of September 30, 2005 is presented as if the separation and related events, as described in the notes to the New Viacom unaudited pro forma combined condensed financial statements, had occurred at September 30, 2005. The unaudited pro forma combined condensed statements of operations for the nine months ended September 30, 2005 and the year ended December 31, 2004 are presented as if the separation had occurred on January 1, 2004.

The unaudited pro forma combined condensed financial statements are based upon New Viacom's historical carve-out financial statements for each period presented. In the opinion of Viacom Management, all adjustments and/or disclosures necessary for a fair statement of the pro forma data have been made. These unaudited pro forma condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or the financial position that would have been achieved had the separation been consummated as of the dates indicated or of the results that may be obtained in the future. These unaudited pro forma condensed financial statements and the notes thereto should be read together with:

New Viacom's audited carve-out combined financial statements and the notes thereto as of and for the period ended December 31, 2004, and the section entitled "Description of New Viacom After the Separation Management's Discussion and Analysis of New Viacom's Results of Operations and Financial Condition" beginning on page 86.

New Viacom's unaudited interim carve-out financial statements and the notes thereto as of and for the nine months ended September 30, 2005, and the section entitled "Description of New Viacom After the Separation Management's Discussion and Analysis of New Viacom's Results of Operations and Financial Condition" beginning on page 86.

CBS Corp.'s unaudited pro forma consolidated condensed financial statements beginning on page 223.

Viacom's consolidated financial statements and the notes thereto as of and for the year ended December 31, 2004, and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" included in Viacom's Annual Report on Form 10-K for the year ended December 31, 2004.

Viacom's consolidated financial statements and the notes thereto as of and for the nine months ended September 30, 2005, and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" included in Viacom's Quarterly Report on Form 10-Q for the period ended September 30, 2005.

Viacom's consolidated financial statements and the notes thereto as of and for the year ended December 31, 2004, and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" included in the Form 8-K filed with the SEC on November 21, 2005.

NEW VIACOM
UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET
AT SEPTEMBER 30, 2005
(in millions)

	New Viacom Historical Carve-out	Pro Forma Adjustments	New Viacom Pro Forma
ASSETS			
Cash and cash equivalents	\$ 99.2	\$	\$ 99.2
Receivables	1,612.6		1,612.6
Inventory	386.8		386.8
Other current assets	285.5		285.5
Total current assets	2,384.1		2,384.1
Property and equipment, net	1,104.5		1,104.5
Inventory	3,009.2		3,009.2
Goodwill	10,372.8		10,372.8
Intangibles	307.5		307.5
Other assets	1,202.4	19.1 ⁽²⁾	1,221.5
Total Assets	\$ 18,380.5	\$ 19.1	\$ 18,399.6
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable and other current liabilities	\$ 2,566.9	\$	\$ 2,566.9
Current portion of capital leases	49.6		49.6
Total current liabilities	2,616.5		2,616.5
Long-term capital leases	279.2		279.2
Long-term debt		3,389.1 ⁽²⁾	3,389.1
Other liabilities	2,206.8		2,206.8
Minority interest	3.1		3.1
Stockholders' Equity:			
Class A common stock		.1 ⁽¹⁾	.1
Class B common stock		.7 ⁽¹⁾	.7
Additional paid-in capital		13,289.3 ⁽¹⁾	9,919.3
		(3,370.0) ⁽²⁾	
Invested capital	13,290.1	(13,290.1) ⁽¹⁾	
Accumulated other comprehensive loss	(15.2)		(15.2)
Total Stockholders' Equity	13,274.9	(3,370.0)	9,904.9
Total Liabilities and Stockholders' Equity	\$ 18,380.5	\$ 19.1	\$ 18,399.6

The accompanying notes are an integral part of this
unaudited pro forma combined condensed balance sheet.

NEW VIACOM
UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2005
(in millions, except per share amounts)

	New Viacom Historical Carve-out	Pro Forma Adjustments	New Viacom Pro Forma
Revenues	\$ 6,885.9	\$	\$ 6,885.9
Operating expenses	3,342.3		3,342.3
Selling, general and administrative expenses	1,404.3		1,404.3
Depreciation and amortization	185.5		185.5
Operating income	1,953.8		1,953.8
Interest expense, net	(10.1)	(140.2) ⁽²⁾	(150.3)
Other items, net	(19.1)		(19.1)
Earnings from continuing operations before income taxes, equity in earnings of affiliates and minority interest	1,924.6	(140.2)	1,784.4
Provision for income taxes	(754.4)	55.5 ⁽³⁾	(698.9)
Equity in earnings of affiliated companies, net of tax	7.5		7.5
Minority interest, net of tax	(3.3)		(3.3)
Net earnings from continuing operations	\$ 1,174.4	\$ (84.7)	\$ 1,089.7
Net earnings from continuing operations per common share:			
Basic			\$ 1.36
Diluted			\$ 1.36
Weighted average number of common shares outstanding:			
Basic		799.2 ⁽¹⁾	799.2
Diluted		803.6 ⁽¹⁾	803.6

The accompanying notes are an integral part of this
unaudited pro forma combined condensed statement of operations.

NEW VIACOM
UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2004
(in millions, except per share amounts)

	New Viacom Historical Carve-out	Pro Forma Adjustments	New Viacom Pro Forma
Revenues	\$ 8,132.2	\$	\$ 8,132.2
Operating expenses	3,988.3		3,988.3
Selling, general and administrative expenses	1,609.5		1,609.5
Depreciation and amortization	251.6		251.6
Operating income	2,282.8		2,282.8
Interest expense, net	(20.9)	(187.0) ⁽²⁾	(207.9)
Other items, net	(17.7)		(17.7)
Earnings from continuing operations before income taxes, equity in loss of affiliated companies and minority interest	2,244.2	(187.0)	2,057.2
Provision for income taxes	(808.2)	74.6 ⁽³⁾	(733.6)
Equity in loss of affiliated companies, net of tax	(40.0)		(40.0)
Minority interest, net of tax	(3.1)		(3.1)
Net earnings from continuing operations	\$ 1,392.9	\$ (112.4)	\$ 1,280.5
Net earnings from continuing operations per common share:			
Basic			\$ 1.49
Diluted			\$ 1.48
Weighted average number of common shares outstanding:			
Basic		857.2 ⁽¹⁾	857.2
Diluted		862.9 ⁽¹⁾	862.9

The accompanying notes are an integral part of this
unaudited pro forma combined condensed statement of operations.

**NOTES TO NEW VIACOM UNAUDITED PRO FORMA
COMBINED CONDENSED FINANCIAL STATEMENTS**

(tabular dollars in millions, except share and per share amounts)

(1) Conversion of Common Stock

For the purposes of the accompanying unaudited pro forma combined condensed financial statements, the separation of Viacom Inc. into New Viacom and CBS Corp. was accounted for as a spin-off of New Viacom. Assets and liabilities of New Viacom were accounted for at the historical book values carried by Viacom. On the effective date, each outstanding share of Viacom class A common stock will convert into 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock. Similarly, each outstanding share of Viacom class B common stock will convert into 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock.

The unaudited pro forma combined condensed balance sheet at September 30, 2005 reflects the conversion of historical invested capital into New Viacom class A and class B common stock, par value \$0.001.

The unaudited combined condensed statements of operations reflect the following conversion of weighted average common stock outstanding:

For the Nine Months Ended September 30, 2005	Basic	Diluted
Viacom Inc. weighted average shares outstanding	1,598.3	1,607.2
Conversion ratio	0.5	0.5
Pro forma New Viacom weighted average shares outstanding	799.2	803.6
For the Year Ended December 31, 2004	Basic	Diluted
Viacom Inc. weighted average shares outstanding	1,714.4	1,725.8
Conversion ratio	0.5	0.5
Pro forma New Viacom weighted average shares outstanding	857.2	862.9

(2) Capitalization

Shortly prior to the separation, New Viacom will pay a special cash dividend to Viacom (to be renamed CBS Corporation) in an amount sufficient to establish CBS Corp.'s opening debt balance from continuing operations at \$7.0 billion, subject to certain adjustments. New Viacom has received \$6.0 billion in financing commitments, subject to the satisfaction of customary conditions, for a bridge term facility that will be used to fund the special cash dividend and for general corporate purposes.

Based on Viacom's historical debt balance at September 30, 2005, the unaudited pro forma combined condensed financial statements reflect a special cash dividend of \$3.4 billion. After taking into account acquisitions and dispositions of assets, operating cash flow and share repurchases, among other things, Viacom's debt balance is expected to be significantly higher at the time of the separation than at September 30, 2005, and, as a result, the special cash dividend is expected to be significantly higher than \$3.4 billion. Based on Viacom's debt level as of November 21, 2005, the special cash dividend would approximate \$4.8 billion.

Edgar Filing: VIACOM INC - Form S-4/A

The following table presents Viacom's historical outstanding debt balance at September 30, 2005, the calculation of the pro forma special cash dividend and the pro forma borrowings of New Viacom at September 30, 2005:

Viacom Debt Balance at September 30, 2005:	
Current portion of long-term debt, including capital lease obligations	\$ 63.6
Long-term debt, including capital lease obligations	10,635.2
Discontinued operations debt, including capital lease obligations	153.2
Viacom total debt outstanding	10,852.0
Less:	
Capital lease obligations allocated to New Viacom	328.8
Discontinued operations debt retained by CBS Corp.	153.2
Pro forma CBS Corp. opening debt balance	7,000.0
Pro forma special cash dividend at September 30, 2005	3,370.0
Pro forma deferred financing costs	19.1
Pro forma borrowings at September 30, 2005	\$ 3,389.1

The special cash dividend is expected to be funded by New Viacom's committed financing arrangements with a combination of fixed and floating rate debt with an assumed average life of 12.3 years and an average interest rate, based on current market conditions, of 5.35%.

The adjustments to "Interest expense, net" in the unaudited pro forma combined condensed statements of operations reflect interest expense and the amortization of deferred financing costs on New Viacom's committed financing arrangements. The estimate of additional interest expense is presented as if the borrowing occurred on January 1, 2004. The amortization of deferred financing costs is presented as if the financing costs were incurred on January 1, 2004 and amortized over the term of the financings using the effective interest method. The following table presents pro forma interest expense, amortization of deferred financing costs and commitment fees.

	Nine Months Ended September 30, 2005	Year Ended December 31, 2004
Interest expense	\$ 135.9	\$ 181.2
Deferred financing costs and commitment fees	4.3	5.8
Pro forma adjustment to interest expense	\$ 140.2	\$ 187.0

An increase of 1% in the interest rate on the variable portion of the debt would have increased interest expense by approximately \$2.9 million and \$3.9 million for the nine months ended September 30, 2005 and the year ended December 31, 2004, respectively. An increase of \$100 million of outstanding debt to fund the special cash dividend would have increased interest expense by approximately \$3.4 million and \$4.5 million for the nine months ended September 30, 2005 and the year ended December 31, 2004, respectively.

(3) Provision for Income Tax

Adjustments to income tax expense on the unaudited pro forma combined condensed statements of operations are calculated at 39.6% and 39.9%, which represents the blended statutory tax rates for the nine months ended September 30, 2005 and the year ended December 31, 2004, respectively.

(4) Items not included in the Unaudited Pro Forma Combined Condensed Financial Statements

a) Transaction expenses related to the separation will be allocated between New Viacom and CBS Corp. These expenses have not been included as a pro forma adjustment in the unaudited pro forma combined condensed financial statements of New Viacom.

b) All outstanding options to purchase shares of Viacom class B common stock and RSUs of Viacom class B common stock held by current employees and directors of New Viacom will be converted into options to purchase New Viacom class B common stock and RSUs of New Viacom class B common stock, respectively. The conversion will be effected by formulas designed to preserve the intrinsic value of each option and the value of each RSU immediately prior to the separation.

c) The Viacom board of directors has indicated its support for a plan under which New Viacom would offer its employees following the separation, the opportunity, at each option holder's election, to exchange certain of their employee stock options for RSUs of New Viacom. The voluntary exchange offer would, on a discounted-from-fair-value basis, exchange vested stock options that have an exercise price in excess of a certain market value for fewer RSUs while also adding vesting requirements.

d) The carve-out historical statements of operations of New Viacom includes allocations of Viacom corporate expenses and Paramount Pictures corporate overhead, including accounting, treasury, tax, legal, human resources, information systems and other related party transactions with Viacom. Subsequent to the separation, these expenses may be significantly different.

e) The fair value of certain indemnifications to be granted by New Viacom to CBS Corp. upon the separation are not included in the unaudited pro forma combined condensed financial statements.

DESCRIPTION OF CBS CORP. AFTER THE SEPARATION

BUSINESS OF CBS CORP.

Overview

CBS Corp. is a worldwide entertainment company with operations in the following segments:

Television: The Television segment consists of the CBS and UPN television networks, Showtime Networks, including its various program services, CBS Corp.'s 39 owned broadcast television stations, and its television production and syndication business, including King World Productions and Paramount Television.

Radio: The Radio segment owns and operates 178 radio stations in 40 U.S. markets through Infinity Broadcasting.

Outdoor: The Outdoor segment, through Viacom Outdoor, displays advertising on out-of-home media, including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage.

Parks/Publishing: The Parks/Publishing category includes Simon & Schuster, which publishes and distributes consumer books under imprints such as Simon & Schuster, Pocket Books, Scribner and The Free Press, and Paramount Parks, which is principally engaged in the ownership and operation of five theme parks and a themed attraction in the United States and Canada.

On November 3, 2005, Viacom announced that CBS Corp. is acquiring CSTV Networks, Inc., a leading digital sports media company, for approximately \$325 million. The acquisition is expected to close in January 2006, after receipt of certain government approvals, and after the separation. At that time, consideration for the transaction will be principally in CBS Corp. class B common stock.

CBS Corp. competes with many different entities and media in various markets worldwide. In addition to competition in each of its businesses, CBS Corp. competes for opportunities in the entertainment business with other diversified international entertainment companies such as The Walt Disney Company, NBC Universal Inc., News Corporation and Clear Channel Communications.

As new technologies for delivering content and services evolve, CBS Corp. will continue to pursue opportunities to distribute content to consumers through various media including the Internet, mobile devices, interactive television and video games.

Viacom, which will be renamed "CBS Corporation" after the separation, was organized in Delaware in 1986. CBS Corp.'s principal offices are located at 51 West 52nd Street, New York, New York 10019.

Competitive Strengths

CBS Corp. believes it possesses a number of strengths that will enable it to compete successfully:

Wide reach and distribution in multiple media throughout the United States and key international markets. CBS Corp. is a leading mass-media company, with businesses that for many years have consistently held leadership positions as well as newer businesses that operate on the leading-edge of the media industry. CBS Corp., through its many and varied operations, combines broad reach with well-positioned national and local businesses, all of which provide it with an extensive distribution network by which it serves audiences and advertisers in all 50 states, including the largest domestic metropolitan areas, and key international markets. Much of CBS Corp.'s local distribution system is transmitted through free, over-the-air broadcasting by use of the analog and digital spectrum.

CBS Corp.'s businesses currently include: the CBS Network and UPN, reaching 99% and 95% of households, respectively, in the United States as of September 2005 (189 of CBS Corp.'s owned and affiliated stations are currently broadcasting in digital, covering approximately 99% of the nation); the CBS Television Stations Group, which owns 39 local television stations reaching approximately 47 million households in the United States as of November 15, 2005 (including television stations in 15 of the top 20 U.S. television markets); Showtime, The Movie Channel and FLIX, which, in the aggregate, had approximately 42 million subscriptions in the United States, certain U.S. territories and Bermuda as of June 30, 2005; Paramount Television and King World Productions, the production and syndication arms of CBS Corp., whose King World Productions programming reaches approximately 77 million U.S. households per week and is watched by over 111 million adults aged 18 and over in the United States each week; the CBS Paramount Television library of programs that are seen in more than 230 countries; Infinity Broadcasting, which owns and operates 178 radio stations, reaching more than 70 million listeners per week on a cumulative basis; Viacom Outdoor, the out-of-home advertising unit which has more than two million billboard faces and transit advertising properties in North America and Europe, passed by millions of people every day; Simon & Schuster, a publishing house that distributes its titles and imprints to more than 100 countries and territories throughout the world; and Paramount Parks' five family destination theme parks, which entertain over 12.5 million guests annually.

Popular programming and content that appeals to a broad range of audiences. CBS Corp. delivers television, radio and publishing content that appeals to audiences across virtually every segment of the population. In network television, CBS Network and UPN offer programming watched by millions of viewers, including shows like *CSI: Crime Scene Investigation*, *CSI: Miami*, *CSI: New York*, *The Amazing Race*, *Without a Trace*, *Two and a Half Men*, *Everybody Hates Chris*, *America's Next Top Model*, *60 Minutes*, the *Late Show with David Letterman*, *The Young and the Restless* and a significant selection of important sports events, from AFC National Football League games to the Masters golf tournament and the month-long March Madness college basketball tournament. CBS Corp. is the industry leader in the production and distribution of syndicated television programming, with long-running and recent successes like *Wheel of Fortune*, *Jeopardy!*, *The Oprah Winfrey Show*, *Dr. Phil*, *Entertainment Tonight* and *Judge Judy*. CBS Corp. owns, operates and programs radio stations in nearly every format, including rock, news/talk, oldies, adult contemporary, country, sports/talk and urban, many of which now utilize the Internet as an additional way of reaching their audiences with enhanced content. Since the beginning of 2003, Simon & Schuster has had over 265 books on *The New York Times* bestseller list, including 40 titles that were #1 bestsellers.

The CBS Network's diverse lineup of news, sports and entertainment programming was watched by more than 135 million viewers each month during the 2004-2005 broadcast season. During the 2004-2005 broadcast season, six CBS Network primetime series—*60 Minutes*, *SBS Sunday Movie*, *CSI: Crime Scene Investigation*, *CSI: Miami*, *Cold Case* and *CSI: New York*—reached 100 million or more viewers. *60 Minutes* was watched by more than 130 million viewers during the 2004-2005 broadcast season, more than any other primetime program on television; CBS Sports' broadcast of the 2005 NCAA Basketball Tournament was viewed by more than 140 million viewers; and its broadcast of National Football League games attracted more than 163 million viewers. CBS Entertainment's daytime serial *The Young and the Restless* leads an afternoon programming lineup that has been #1 in households for more than 15 years. In Radio, Infinity Broadcasting owns the most listened-to radio station in the United States, WINS-AM New York, based on cumulative listenership; the division also owns the two most listened-to stations in the rock music format, WXRK-FM New York and KROQ-FM Los Angeles; the most listened-to station in the news format, WINS-AM New York; and the most listened-to station in the sports format, WFAN-AM New York. CBS Corp.'s first-run and off-network syndicated programming airing Monday through Friday, including *Wheel of Fortune*, *Jeopardy!*, *The Oprah Winfrey Show*, *Dr. Phil* and *Entertainment Tonight*, accounted for eight of the ten most watched syndicated programs in the United States during the 2004-2005 broadcast season. CBS Corp.'s UPN was also home to *America's Next Top Model*, the highest rated show for UPN for young adult

women. Simon & Schuster has published over 65 *New York Times* bestsellers in 2005, including *1776* by David McCullough, *No Place Like Home* by Mary Higgins Clark, and *Chill Factor* by Sandra Brown. Showtime Networks has earned 34 Emmy® Awards and three Golden Globe® Awards for its original programming since 2000. CBS Corp.'s five Paramount Park family destinations were ranked among the 35 most popular amusement parks in North America and CBS Digital Media's four websites collectively received an average of more than 540 million page views per month from January to August, 2005.

Extensive and growing content library exploited on multiple platforms. CBS Corp. has a large television library that includes approximately 3,000 titles and more than 77,000 hours of programming, including a growing collection of high-definition content. This valuable asset includes many popular television programs, including *CSI: Crime Scene Investigation*, *CSI: Miami*, *CSI: New York*, *Survivor*, *The Amazing Race*, *Cheers*, *I Love Lucy*, *The Andy Griffith Show* and *Frasier*. In addition, through King World and Paramount Domestic Television, CBS Corp. holds the library rights to current first-run syndicated television programs including *Entertainment Tonight*, *Judge Judy* and *Inside Edition*. Showtime Networks owns or controls various television and home video rights to many of its original programs, including movies, specials, series and documentaries. Those titles include *The L Word*, *Queer as Folk*, *Dave Chappelle: For What It's Worth*, *Fat Actress*, *Mario Cantone's Laugh Whore*, *Our Fathers*, *Reefer Madness* and *Rikers High*. The Infinity Broadcasting division owns local content in many formats from its radio stations and is pursuing new media opportunities, including Internet streaming and podcasting. Simon & Schuster publishes some 1,800 titles a year and holds the rights to more than 17,000 titles, including perennial classics like *The Joy of Cooking*, *7 Habits of Highly Effective People* and *Dr. Spock's Baby and Child Care*, and the majority of works by Ernest Hemingway and F. Scott Fitzgerald, among others. Through CBS Entertainment, CBS News, CBS Sports, UPN, Showtime, King World and Paramount Television, CBS Corp. creates thousands of hours of original content each year and continually adds titles to this content library. CBS Corp.'s analog and digital content library provides CBS Corp. with a stable source of syndication revenue, and its broad offerings also provide opportunities to generate revenue through many windows, including international syndication, the Internet, DVD sales, wireless technologies and digital media licensing.

Ability to serve the needs of advertisers. Many advertisers reach their consumers via CBS Corp.'s programming. Whether an advertiser wishes to launch a new brand across multiple platforms or heighten awareness of an existing product in a particular region of the country, the scope of CBS Corp.'s distribution network gives advertisers access to consumers in all 50 states and key international markets. CBS Corp. is well-positioned to serve advertisers locally with a combination of television, radio and outdoor properties in the majority of the top 20 domestic markets.

Strong financial profile with significant cash flow generation. CBS Corp. has consistently generated strong revenues and cash flow from its operations and believes that its financial position will result in solid investment grade debt ratings.

Experienced management team with a proven creative and financial track record. CBS Corp. has a seasoned senior management team with significant experience in the media industry and a track record of building successful businesses, and managerial talent with extensive experience in each of its segments and business units.

Business Strategy

The principal elements of CBS Corp.'s business strategy are well-established and include:

Focus on high quality, broad-appeal programming and content. CBS Corp. has longstanding experience identifying, producing and distributing popular, high-quality programming that appeals to many audiences. Broad groups of viewers and listeners enjoy the Super Bowl, the Grammy's and *Survivor* on CBS Network, and make 1010 WINS-AM New York "All-News Radio" the most listened-to

station in the United States, while targeted demographics watch UPN and listen to radio stations like KROQ-FM Los Angeles. CBS Corp.'s television, radio, syndication and publishing businesses are dedicated to developing their content to reach audiences and attract advertisers.

Exploit content on emerging platforms. CBS Corp. plans to continue to develop content that can be applied to existing, emerging and undeveloped platforms. CBS Corp.'s content-based businesses in television, radio and publishing have established in-house digital media efforts focusing on the Internet, broadband technologies, wireless communications, on-demand programming and interactivity. These new platforms are expected to provide new ways for the various businesses of CBS Corp. to distribute the wealth of content produced by its many operations, and are expected to create new revenue streams from advertising, subscriptions and licensing.

Attract and retain creative talent. To build upon and ensure its leadership position in the development and distribution of its numerous forms of content, CBS Corp. will continue to focus on developing compelling content by attracting, aligning with and retaining high quality creative talent in each of its business operations, recognizing that it is the talent of writers, producers, actors and others that ultimately gives CBS Corp. its strength, its ability to serve its many audiences and customers, and its capability to grow market share in a competitive arena. CBS Corp.'s management team maintains strong relationships with many of the most successful content creators in media and places a high priority on establishing a diverse and creative work environment.

Focus on local presence in large and attractive markets. The vast majority of U.S. revenue in the local radio, television and outdoor industries is generated in the nation's top 50 markets. CBS Corp. intends to maintain its focus and build its presence in large markets attractive to advertisers, and regularly evaluate its portfolio of television, radio and outdoor assets in each of those markets to ensure that its mix of properties is delivering attractive margins and cash flow.

Through its CBS Television Stations Group, CBS Corp. currently owns multiple television stations in ten markets, including Los Angeles, Philadelphia, Boston, San Francisco, Dallas, Detroit, Miami, Pittsburgh and, as a result of recent station acquisitions, Sacramento and West Palm Beach. The CBS Television Stations Group also recently established an in-house digital media division, which is developing each local station's website with original content, video and technology, and working to significantly enhance the design, operation and content of each site. This strategy is also creating new revenue streams for the group and stations through advertising and subscription elements. Infinity Broadcasting also owns and operates multiple stations in 40 of the biggest markets in the country, and is also recognizing new revenue from its local content via its own digital media efforts. As of September 30, 2005, Viacom Outdoor was the #1 out-of-home advertising business in North America. Viacom Outdoor operates in each of the top 50 U.S. markets. CBS Corp. will continue to focus on this core strength, and on developing and increasing its penetration of the domestic markets through the portfolio of platforms and media that are most effective for those markets. CBS Corp. also continues to use its outdoor advertising to further develop its presence in international markets.

Deliver an attractive return on investment to stockholders and maintain ongoing cash flow growth. By focusing on its strengths and other strategies, CBS Corp. intends to deliver attractive returns to its stockholders by continuing to grow its cash flow and returning a significant portion of that cash flow to its stockholders in the form of dividends.

Business Segments

CBS Corp.'s reportable business segments are Television, Radio, Outdoor and an all other category named Parks/Publishing.

Television. The Television segment consists of CBS Network and UPN, the CBS Television Stations Group's 39 owned broadcast TV stations, its television production and syndication businesses,

and its premium subscription television program services through Showtime Networks. Additionally, the recently-established CBS Digital Media Group, combining the Internet sites associated with CBS Entertainment (CBS.com), CBS News (CBSNews.com), CBS Sports (CBSSportsLine.com) and UPN (UPN.com), provide key platforms for promotion, as well as a way to extend the content of these divisions to the broadband Internet audience, attracting a new revenue stream of advertising.

Television Networks. CBS Network, through CBS Entertainment, CBS News and CBS Sports, distributes a comprehensive schedule of news and public affairs broadcasts, sports and entertainment programming, and feature films to more than 200 domestic affiliates reaching throughout the United States, including 21 of CBS Corp.'s owned and operated television stations, and to affiliated stations in certain U.S. territories. CBS Network broadcasts more than 1,400 hours of high definition programming annually. CBS Network primarily derives revenues from the sales of advertising time for its network broadcasts.

CBS Entertainment is responsible for acquiring or developing and scheduling the entertainment programming presented on CBS Network, which includes primetime comedy and drama series, reality-based programming, made-for-television movies and miniseries, theatrical films, specials, children's programs, daytime dramas, game shows and late-night programs. CBS News operates a worldwide news organization, providing CBS Network and the CBS Radio Network with regularly scheduled news and public affairs broadcasts, including *60 Minutes* and *The Early Show*, as well as special reports. CBS News Productions, the off-network production company created by CBS News, produces programming for domestic and international outlets, including the CBS and UPN television networks, cable television, home video, CD-ROM, audio-book and in-flight markets, as well as schools and libraries. CBS News also provides CBS Newspath, a television news syndication service that offers daily news coverage, sports highlights and news features to CBS Network affiliates and other subscribers worldwide. CBS Sports broadcasts include *The NFL Today*, certain NCAA championships, including the Final Four, golf, including the Masters Tournament and the PGA Championship, the U.S. Open Tennis Championships, regular-season college football and basketball line-ups on network television, in addition to the NFL's American Football Conference regular season schedule, the Postseason Divisional Playoff games and the AFC championship game. In November 2004, CBS Sports entered into a six-year rights extension with the NFL to broadcast the AFC beginning in 2006 and including two Super Bowls. Extending its franchises, CBS Sports has the marketing rights for the 2003-2013 NCAA Championships, including coordination of licensing, merchandising, related multimedia and television, and other related business opportunities.

As of September 2005, UPN provided to its 182 affiliates 10 hours of programming per week. UPN's programming is provided to its affiliates in 182 U.S. television markets, which comprise approximately 95% of all U.S. television households. Sixteen of CBS Corp.'s owned television stations are affiliates of UPN.

CBS Digital Media. Through CBS.com, CBSNews.com, CBSSportsLine.com and UPN.com, CBS Corp. operates websites that collectively received more than 8.0 billion pageviews in 2004. In addition, these websites attracted an average audience of approximately 17.5 million U.S. monthly unique visitors in 2004, according to Nielsen/NetRatings. CBS Digital Media, established in 2005, is an industry-leading provider of broadband video. These four sites leverage the content of the CBS Network on the Internet and on other emerging media platforms, including wireless, video-on-demand and interactive television. Significant enhancements to the sites include the recent announcement of continuous, updated access to CBS content 24 hours a day on the Internet.

Television Stations. CBS Corp. owns 39 broadcast television stations through its CBS Television Stations Group division, all of which operate under licenses granted by the FCC pursuant to the Communications Act. The licenses are renewable every eight years. The division has stations in the seven largest markets, as well as in 15 of the top 20. The CBS Television Stations Group division also

owns multiple television stations within the same designated market area, which we refer to in this Prospectus-Information Statement as "DMA," in ten major markets. These multiple station markets are: Los Angeles (market #2), Philadelphia (market #4), Boston (market #5), San Francisco-Oakland-San Jose (market #6), Dallas-Fort Worth (market #7), Detroit (market #11), Miami-Ft. Lauderdale (market #17), Sacramento-Stockton-Modesto (market #19), Pittsburgh (market #22) and West Palm Beach (market #38). This network of television stations enables CBS Corp. to reach a wide audience within and across geographically diverse markets in the United States. The stations produce news and broadcast public affairs, sports and other programming to serve their local markets and offer CBS, UPN or WB and syndicated programming.

Substantially all of CBS Corp.'s television stations currently operate websites, which promote the stations' programming, and provide news, information and entertainment, as well as other services. Collectively, these websites are averaging three million unique users a month, as well as 30 million page views.

CBS Corp.'s owned and operated television stations reach approximately 43% of all U.S. television households and approximately 38% of U.S. television households as measured by the FCC's television national audience reach limitation under which a VHF television station is deemed to reach 100% of the television households in its market and a UHF television station is deemed to reach 50% of the television households in its market. The FCC's ownership rules limit CBS Corp.'s national audience reach to 39% of all U.S. television households. See the section entitled " Regulation Broadcasting Ownership Regulation" beginning on page 183.

The table below sets forth the broadcast television stations owned by CBS Corp. as of November 15, 2005.

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

Edgar Filing: VIACOM INC - Form S-4/A

WUPA-TV Atlanta, GA	9	UHF/69	UPN
WKBD-TV Detroit, MI	11	UHF/50	UPN
WWJ-TV Detroit, MI	11	UHF/62	CBS
WTOG-TV Tampa-St. Petersburg-Sarasota, FL	12	UHF/44	UPN
KSTW-TV Seattle-Tacoma, WA	13	VHF/11	UPN
WCCO-TV Minneapolis-St. Paul, MN	15	VHF/4	CBS
<i>Satellites:</i>			
KCCO-TV(3) Alexandria, MN			CBS
KCCW-TV(4) Walker, MN			CBS
WFOR-TV Miami-Ft. Lauderdale, FL	17	VHF/4	CBS
WBFS-TV Miami-Ft. Lauderdale, FL	17	UHF/33	UPN
KCNC-TV Denver, CO	18	VHF/4	CBS
KOVR-TV Sacramento-Stockton-Modesto, CA	19	VHF/13	CBS
KMAX-TV Sacramento-Stockton-Modesto, CA	19	UHF/31	UPN
KDKA-TV Pittsburgh, PA	22	VHF/2	CBS
WNPA-TV Pittsburgh, PA	22	UHF/19	UPN
WJZ-TV Baltimore, MD	24	VHF/13	CBS
KUTV-TV Salt Lake City, UT	36	VHF/2	CBS
<i>Satellite:</i>			
KUSG-TV(5) St. George, UT			CBS
WTVX-TV West Palm Beach-Ft. Pierce, FL	38	UHF/34	UPN
WVHB-CA(6) West Palm Beach-Ft. Pierce, FL	38	UHF/48	Azteca (Spanish Language)
WTCN-CA(7) West Palm Beach-Ft. Pierce, FL	38	UHF/43	WB
WGNT-TV Norfolk-Portsmouth-Newport News, VA	42	UHF/27	UPN
WUPL-TV(8) New Orleans, LA	43	UHF/54	UPN

Edgar Filing: VIACOM INC - Form S-4/A

WLWC-TV(9) Providence, RI-New Bedford, MA	51	UHF/28	UPN/WB
KEYE-TV Austin, TX	53	UHF/42	CBS
WFRV-TV Green Bay-Appleton, WI	69	VHF/5	CBS
<i>Satellite:</i>			
WJMN-TV(10) Escanaba, MI	180		CBS

- (1) Metropolitan Area Served is Nielsen Media Research's DMA.
- (2) Market Rankings based on Nielsen Station Index DMA Market and Demographic Rank, September 2005.
- (3) KCCO-TV is operated as a satellite station of WCCO-TV.
- (4) KCCW-TV is operated as a satellite station of WCCO-TV.
- (5) KUSG-TV is operated as a satellite station of KUTV-TV.
- (6) WWHB-CA is a Class A television station. Class A television stations do not implicate the FCC's ownership rules.
- (7) WTCN-CA is a Class A television station. Class A television stations do not implicate the FCC's ownership rules.
- (8) Viacom has entered into an agreement to sell WUPL-TV.
- (9) WLWC-TV's primary affiliation is with UPN. The station has a secondary affiliation with the WB network.
- (10) WJMN-TV is operated as a satellite station of WFRV-TV.

Television Production and Syndication. CBS Corp., through King World Productions, CBS Paramount International Television, Paramount Television and Spelling Television, produces, acquires and/or distributes programming worldwide, including series, specials, news, public affairs and made-for-television movies. Such programming is produced primarily for broadcast on network television and exhibition on basic cable and premium subscription services in the United States. CBS Corp. also produces and/or distributes first-run and off-network syndicated programming in the United States and internationally. First-run syndicated programming is programming produced and licensed for initial exhibition on individual television stations in the United States on a market-by-market basis, without prior exhibition on a network. Off-network syndicated programming is programming exhibited on television stations or cable networks following its exhibition on a network, basic cable or premium subscription service.

Programming that is currently being produced or co-produced by CBS Corp.'s production group and broadcast on network television includes *CSI: Crime Scene Investigation* (CBS), *Medium* (NBC) and *Without a Trace* (CBS). Generally, a network will license a specified number of episodes for exhibition on the network in the United States during a license period. Remaining distribution rights, including foreign and/or off-network syndication rights, are typically retained by CBS Corp. The network license fee for a series episode is normally lower than the cost of producing that episode; however, CBS Corp.'s objective is to recoup its costs and earn a profit through domestic syndication of episodes after their network runs and/or by licensing international exhibitions of the episodes. International sales are generally made within one year of U.S. network runs. Generally, a series must have a network run of at least three or four years to be successfully sold in domestic syndication. In off-network syndication, CBS Corp. distributes series such as *Everybody Loves Raymond* and *CSI: Crime Scene Investigation*, as well as a library of older television programs. CBS Corp. also produces and/or distributes first-run syndicated series such as *Jeopardy!*, *Entertainment Tonight*, *The Oprah Winfrey Show*, *Dr. Phil*, *Judge Judy* and *Wheel of Fortune*.

License fees for completed television programming in syndication and cable are recorded as revenue in the period during which programming is available for exhibition, which, among other reasons, may cause substantial fluctuation in the Television segment's operating results.

Showtime Networks. Showtime Networks owns and operates three commercial-free, premium subscription television program services in the United States: Showtime, offering recently released theatrical feature films, original series, original motion pictures, documentaries, boxing, concerts and other special events; The Movie Channel, offering recently released theatrical feature films and related programming; and FLIX, offering theatrical feature films primarily from the 70s, 80s and 90s, as well as selected other titles. At June 30, 2005, Showtime, The Movie Channel and FLIX, in the aggregate, had approximately 42 million subscriptions in the United States, certain U.S. territories and Bermuda. Sundance Channel®, a venture among Showtime Networks, which owns a 37% interest, an affiliate of Robert Redford and NBC, is a commercial-free premium subscription television program service in the United States, dedicated to independent film, featuring original programming, American independent films, documentaries, foreign and classic art films, shorts and animation, with an emphasis on recently released titles.

Showtime Networks also owns and operates several different channels of Showtime and The Movie Channel in the United States, which offer additional and varied programming choices. For example, Showtime Networks transmits high definition television feeds of Showtime and The Movie Channel and also makes versions of Showtime and The Movie Channel available on demand, enabling subscribers to watch individual programs at their convenience. Showtime Networks also provides special events, such as high-profile boxing events, to licensees on a pay-per-view basis through Showtime PPV. Showtime Networks also operates the website SHO.com which promotes Showtime, The Movie Channel, and FLIX programming, and provides information and entertainment and other services.

Showtime Networks derives revenue principally from the license of its networks to cable television operators, DTH satellite operators and other distributors. The costs of acquiring premium television rights to programming and producing original series and motion pictures are the principal expenses of Showtime Networks. Showtime Networks enters into commitments to acquire rights, with an emphasis on acquiring exclusive rights for Showtime and The Movie Channel, from major or independent motion picture producers and other distributors, typically covering the United States and Bermuda for varying durations. For example, for Paramount Pictures' feature films, Showtime Networks has the exclusive U.S. premium subscription television rights for certain exhibition windows relating to films initially theatrically released through December 2007. See the section entitled "Description of New Viacom After the Separation Business of New Viacom Business Segments Entertainment" beginning on page 79. Showtime Networks also arranges for the development, production and acquisition of original programs, series, documentaries and motion pictures. Showtime Networks' original series include *Huff*, *The L Word* and *Weeds*, among others. Since 2000, Showtime has earned 34 Emmy Awards and three Golden Globe Awards for its original programming. Showtime Networks has entered into and may from time to time enter into co-financing, co-production and/or co-distribution arrangements with other parties to reduce the net cost to Showtime Networks for its original programming. In addition, Showtime Networks has established a distribution arm to maximize revenue from the rights it retains in certain of its original programming.

Television Competition

Network Television. The television broadcast environment is highly competitive. The principal methods of competition in broadcast television are the development and acquisition of popular programming and the development of audience interest through programming and promotion, in order to sell advertising at profitable rates. Broadcast networks like CBS Network and UPN compete for audiences, advertising revenues and programming with other broadcast networks such as ABC, FOX, NBC and WB, independent television stations, basic cable program services as well as other media, including DVDs, print and the Internet. In addition, CBS Network and UPN compete with the other

broadcast networks to secure affiliations with independently owned television stations in markets across the country, which are necessary to ensure the effective distribution of network programming to a nationwide audience. According to Nielsen Media Research, for the broadcast television primetime day part for the 2004-2005 broadcast season (September 20, 2004 to May 25, 2005), CBS Network secured the #1 position for total viewers and for key adult viewers ages 25-54, the #2 position for key adult viewers ages 18-49, and the #1 position for key adult viewers ages 18-49 in regularly scheduled programming, which represents an improvement versus five years ago.

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

Because conversion to digital television broadcasting has begun, current and future technological and regulatory developments may affect competition within the television marketplace. See the section entitled " Regulation Broadcasting" beginning on page 182.

Television Production and Syndication. As a producer and distributor of programming, CBS Corp. competes with studios, television production groups, and independent producers and syndicators such as Disney, Sony, NBC, Warner Bros. and Fox to sell programming both domestically and overseas. CBS Corp. also competes to obtain creative talent and story properties, which are essential to the success of all CBS Corp.'s entertainment businesses.

Showtime Networks. Competition among premium subscription television program services in the United States is primarily dependent on (i) the acquisition and packaging of an adequate number of recently released theatrical motion pictures and the production, acquisition and packaging of original series, original motion pictures and other original programs and (ii) the offering of prices, marketing and advertising support and other incentives to cable operators, DTH satellite operators and other distributors for carriage so as to favorably position and package Showtime Networks' premium subscription television program services to subscribers. Home Box Office, Inc. is the dominant company in the United States premium subscription television category, offering two premium subscription television program services, HBO and Cinemax. Showtime Networks competes with Home Box Office, Inc. but has a significantly smaller share of the premium subscription television category. Starz Entertainment Group, L.L.C. owns Starz!, another premium subscription television program service, which features recently released theatrical motion pictures and competes with Showtime Networks' and Home Box Office, Inc.'s premium program services.

The terms and favorable renewal of agreements with distributors for the distribution of CBS Corp.'s premium cable networks are important to CBS Corp. Consolidation among multichannel video programming distributors makes it more difficult to reach favorable terms and could have an adverse effect on revenues.

Radio. CBS Corp.'s radio broadcasting business operates through Infinity Broadcasting, which owns and operates 178 radio stations serving 40 U.S. markets. It is one of the largest operators of radio stations in the United States. Approximately 90% of CBS Corp.'s radio stations are located in the 50 largest U.S. radio markets and approximately 58% in the 25 largest U.S. radio markets. CBS Corp.'s growth strategy generally is to operate and acquire radio stations in the largest markets and take advantage of CBS Corp.'s ability to sell advertising across multiple markets and formats. CBS Corp. believes that it is favorably impacted by offering television, radio and outdoor advertising properties in

large markets. The "Radio Stations, Television Stations and Outdoor Advertising Displays" table below includes information with respect to CBS Corp.'s radio stations in the top 25 U.S. radio markets.

CBS Corp. seeks to maintain substantial diversity among its radio stations. The geographically wide-ranging stations serve diverse target demographics through a broad range of programming formats, such as rock, oldies, news/talk, adult contemporary, sports/talk and country, and Infinity Broadcasting has established leading franchises in news, sports and personality programming. This diversity provides advertisers with the convenience of selecting stations to reach a targeted demographic group or of selecting groups of stations to reach broad groups of consumers within and across markets. This diversity also reduces CBS Corp.'s dependence on any single station, local economy, format or advertiser. CBS Corp.'s general programming strategies include employing popular on-air talent, syndicating shows of some of this talent nationally and acquiring the rights to broadcast sports franchises and news content for its radio stations. These strategies, in addition to developing loyal audiences for its radio stations, create the opportunity to obtain additional revenues from syndicating such programming elements to other radio stations. Howard Stern, an on-air talent responsible for the programming of approximately 20 hours per week on 27 Infinity Broadcasting stations and programming on non-Infinity Broadcasting radio stations from which Infinity Broadcasting shares in syndication revenues, has announced that he will provide programming to Sirius Satellite Radio beginning January 1, 2006. There can be no assurance that any replacement programming will generate the revenues or profitability associated with Mr. Stern's show.

The majority of CBS Corp.'s radio advertising revenues are generated from the sale of local, regional and national advertising. The major categories of radio advertisers include: automotive, retail, healthcare, telecommunications, fast food, beverage, movies, entertainment and services. Infinity Broadcasting is able to use the reach, diversity and branding of its radio stations to create unique division-wide marketing and promotional initiatives for major national advertisers of products and services. The success and reputation of Infinity Broadcasting and its stations allow CBS Corp. to attract the participation of major artists in these national campaigns. Revenue fluctuations are common in the radio industry and are primarily the result of fluctuations in advertising expenditures by local advertisers.

CBS Corp. also owns the CBS Radio Network, which is managed by Westwood One, Inc., a company publicly traded on the New York Stock Exchange. As of August, 2005, Infinity Broadcasting owned approximately 18% of the common stock of Westwood One, Inc., which it manages pursuant to a management agreement. Westwood One, Inc. is a leading producer and distributor of syndicated and network radio programming in the United States and distributes syndicated and network radio programming, including traffic and weather information, to many of CBS Corp.'s radio stations as well as to CBS Corp.'s competitors. Westwood One, Inc. does not own or operate radio stations.

In December 2004, Infinity Broadcasting acquired a 10% interest in Spanish Broadcasting System, Inc., a company publicly traded on the NASDAQ, expanding CBS Corp.'s commitment to Hispanic consumers. In March 2005, Infinity Broadcasting entered into an agreement to acquire KEAR-FM (now KIFR-FM) in San Francisco for \$95 million. This acquisition required the divestiture of a radio station in the San Francisco San Jose market. In July 2005, Infinity Broadcasting entered into an agreement to sell its two San Jose radio stations for \$80 million. In October 2005, Infinity Broadcasting started providing programming and selling commercial time on KIFR-FM under a local marketing agreement pending closing of the acquisition of KIFR-FM.

Infinity Broadcasting is extending its station brands online, through efforts that include streaming, podcasting and developing station websites. For example, a number of Infinity Broadcasting stations throughout the United States are streamed online and are accessible through an aggregating website www.radiomat.com.

Radio Competition. CBS Corp.'s radio stations compete for audience, advertising revenues and programming directly with other radio stations such as those licensed to and operated by ABC Radio, Clear Channel Communications, Cox Radio, Emmis Communications, Entercom and Radio One, as well as with other media, such as broadcast television, newspapers, magazines, cable television and DTH satellite operators, the Internet and direct mail, within their respective markets.

Edgar Filing: VIACOM INC - Form S-4/A

CBS Corp.'s radio stations also face increasing competition from new consumer products such as portable digital audio players. These new technologies create new ways for individuals to listen to music and other content of their own choosing while avoiding traditional commercial advertisements. An increasingly broad adoption by consumers of portable digital audio players could affect the ability of CBS Corp.'s radio stations to attract listeners and advertisers.

The radio industry is also subject to competition from two satellite-delivered audio programming services, XM Satellite Radio and Sirius Satellite Radio, each providing over 100 channels of pay digital audio services. While these services primarily rely on subscription revenues, XM Satellite Radio and Sirius Satellite Radio currently sell advertising time on some of their channels. XM Satellite Radio and Sirius Satellite Radio are also competing with the radio industry for programming.

Unlike broadcast television, the radio industry is just beginning the process of converting from analog to digital broadcasts. Currently, approximately 500 radio stations are broadcasting in the United States using digital technology. CBS Corp. has joined 21 other broadcast radio groups in committing to accelerate the conversion of over 2,000 additional AM and FM stations to digital radio technology over the next several years, including the conversion of approximately 131 of CBS Corp.'s radio stations. CBS Corp. also owns a 5% interest in iBiquity Digital Corporation, a company that develops digital high definition radio technology. CBS Corp. believes that digital transmissions will provide listeners with improved sound quality and should facilitate the convergence of radio with other digital media. It is too early to predict the full effect that the conversion to digital will have on CBS Corp.'s radio businesses or on competition generally.

CBS Corp.'s aggregate spot advertising sales revenues for its radio stations for the nine months ended September 30, 2005 were ranked # 1 in four of the top five U.S. markets by metro area population according to the Market Total Spot Performance Summary of Miller, Kaplan, Arase & Co., LLP (for the New York, Los Angeles, Chicago and Dallas-Fort Worth markets).

Radio Stations, Television Stations and Outdoor Advertising Displays. The following table sets forth information with regard to CBS Corp.'s radio stations, television stations and outdoor advertising displays as of November 15, 2005 in the top 25 U.S. radio markets:

Market and Market Rank (1)	Radio			Television			Outdoor
	Stations	AM/ FM	Format	Stations	Type/ Channel	Network Affiliation	Display Type
New York, NY #1 Radio #1 Television	WCBS-FM	FM	Classic Hits ("Jack")	WCBS-TV	VHF/2	CBS	Bus, Bus Shelters, Rail, Billboards, Walls, Trestles, "Spectacular Signage," Bulletins, Mall Posters
	WCBS	AM	News				
	WFAN	AM	Sports				
	WINS	AM	News				
	WNEW	FM	Rhythmic AC				
	WXRK	FM	Rock				
Los Angeles, CA #2 Radio #2 Television	KCBS-FM	FM	Classic Hits ("Jack")	KCAL-TV KCBS-TV	VHF/9 VHF/2	Independent CBS	Bus, Bus Shelters, Kiosks, Bulletins, Walls, Posters, Mall Posters
	KFWB	AM	News				
	KLSX	FM	Talk ("Free FM")				
	KNX	AM	News				
	KROQ-FM	FM	Alternative Rock				
	KRTH-FM	FM	Oldies				
KTWV	FM	Smooth Jazz					
Chicago, IL #3 Radio #3 Television	WBBM-FM	FM	Rhythmic Contemporary Hit Radio	WBBM-TV	VHF/2	CBS	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters, Walls
	WBBM	AM	News				
	WCKG	FM	Talk ("Free FM")				
	WJMK	FM	Classic Hits ("Jack")				
	WSCR	AM	Sports				
	WUSN	FM	Country				
WXRT-FM	FM	Adult Album Alternative					

Edgar Filing: VIACOM INC - Form S-4/A

San Francisco, CA	KCBS KFRC-FM KITS KLLC	AM News FM Oldies FM Alternative Rock FM Modern Adult Contemporary	KPIX-TV KBHK-TV	VHF/5 UHF/44	CBS UPN	Bus, Bus Shelters, Rail, Cable Cars, Bulletins, Walls, Posters, Mall Posters
#4 Radio #6 Television	KYCY KIFR*	AM Talk FM Talk ("Free FM")				
Dallas-Fort Worth, TX	KLUV-FM KOAI KJKK KRLD KVIL KLLI	FM Oldies FM Smooth Jazz FM Classic Hits ("Jack") AM News/Talk FM Adult Contemporary FM Talk ("Free FM")	KTVT-TV KTXA-TV	VHF/11 UHF/21	CBS UPN	Walls, Bulletins, Mall Posters
#5 Radio #7 Television						
Philadelphia, PA	KYW WIP WOGL WPHT WYSP	AM News AM Sports FM Oldies AM Talk FM Talk ("Free FM")/Active Rock	KYW-TV WPSG-TV	VHF/3 UHF/57	CBS UPN	Bus Shelters, Rail, Bulletins, Mall Posters
#6 Radio #4 Television						
Houston, TX	KHJZ-FM KIKK KILT-FM KILT	FM Smooth Jazz AM Business News Radio FM Country AM Sports				Bulletins, Mall Posters
#7 Radio						
Washington, D.C.	WARW WLZL WJFK-FM WPGC-FM WPGC	FM Classic Rock FM Spanish-Tropical FM Talk ("Free FM") FM Rhythmic Crossover AM Gospel				Bus, Rail, Mall Posters, Walls
#8 Radio						
Detroit, MI	WKRK-FM WOMC WVMV WWJ WXYT WYCD	FM Talk ("Free FM") FM Oldies FM Smooth Jazz AM News AM Sports FM Country	WKBD-TV WWJ-TV	UHF/50 UHF/62	UPN CBS	Bus, Bulletins, Posters, Mall Posters
#9 Radio #11 Television						
Atlanta, GA	WAOK WVEE WZGC	AM Black News/Talk FM Urban Contemporary FM Adult Album Alternative	WUPA-TV	UHF/69	UPN	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters
#10 Radio #9 Television						
Boston, MA	WBCN WBMX WBZ WODS WZLX	FM Active Rock FM Hot Adult Contemporary AM News FM Oldies FM Classic Rock	WBZ-TV WSBK-TV	VHF/4 UHF/38	CBS UPN	Bulletins
#11 Radio #5 Television						
Miami-Ft. Lauderdale, FL			WFOR-TV WBFS-TV	VHF/4 UHF/33	CBS UPN	Bulletins, Bus, Rail, Mall Posters, Kiosks, Bus Shelters
#17 Television						
Puerto Rico						Bulletins, Posters

*

Infinity Broadcasting operates KIFR-FM under a local marketing agreement pending closing of the acquisition of KIFR-FM by Infinity Broadcasting.

Edgar Filing: VIACOM INC - Form S-4/A

Market and Market Rank (1)	Radio			Television			Outdoor
	Stations	AM/ FM	Format	Stations	Type/ Channel	Network Affiliation	Display Type
Seattle-Tacoma, WA #14 Radio #13 Television	KBKS-FM KMPS-FM KPTK KJAQ-FM KZOK-FM	FM FM AM FM FM	Contemporary Hit Radio Country Progressive Talk Classic Hits ("Jack") Classic Rock	KSTW-TV	VHF/11	UPN	Bus, Bulletins, Posters, Mall Posters
Phoenix, AZ #15 Radio	KOOL-FM KZON KMLE	FM FM FM	Oldies Alternative Rock Country				Bus Shelters, Bulletins, Posters, Mall Posters, Benches, Walls
Minneapolis, MN #16 Radio #15 Television	WCCO WLTE KZJK	AM FM FM	News/Talk/Sports Adult Contemporary Classic Hits ("Jack")	WCCO-TV KCCO-TV KCCW-TV	VHF/4 Satellite Satellite	CBS CBS CBS	Bus, Rail, Bulletins, Mall Posters
San Diego, CA #17 Radio	KSCF KYXY	FM FM	Talk ("Free FM") Adult Contemporary				Bus Shelters, Bulletins, Posters, Mall Posters
Nassau-Suffolk, NY(2) #18 Radio							Bus, Bulletins
Tampa-St. Petersburg, FL #19 Radio #12 Television	WLLD WQYK-FM WBZZ WYUU WRBQ-FM WSJT	FM FM AM FM FM FM	Rhythmic Contemporary Hit Radio Country Hot Talk Spanish Oldies Smooth Jazz	WTOG-TV	UHF/44	UPN	Bulletins, Mall Posters
St. Louis, MO #20 Radio	KEZK-FM KMOX KYKY	FM AM FM	Adult Contemporary News/Talk Hot Adult Contemporary				Bulletins, Posters, Mall Posters
Baltimore, MD #21 Radio #24 Television	WJFK WLIF WQSR WWMX WHFS	AM FM FM FM FM	Sports Soft Adult Contemporary Classic Hits ("Jack") Hot Adult Contemporary Talk ("Free FM")/Alternative Rock	WJZ-TV	VHF/13	CBS	Mall Posters, Bus Shelters
Denver, CO #22 Radio #18 Television	KDJM KIMN KXKL-FM	FM FM FM	Rhythmic Oldies Hot Adult Contemporary Oldies	KCNC-TV	VHF/4	CBS	Bus Shelters, Bulletins, Posters, Mall Posters
Pittsburgh, PA #23 Radio #22 Television	KDKA WRKZ WDSY-FM WZPT	AM FM FM FM	News/Talk Rock Country Hot Adult Contemporary	KDKA-TV WNPA-TV	VHF/2 UHF/19	CBS UPN	Bulletins, Mall Posters
Portland, OR #24 Radio	KVMX KINK KLTH KUFO-FM KUPL-FM KCMD	FM FM FM FM FM AM	80s Hits Adult Album Alternative Adult Contemporary Rock Country Comedy				Bulletins, Mall Posters, Posters

Edgar Filing: VIACOM INC - Form S-4/A

	Radio	Television	Outdoor
Cleveland, OH	WNCX WDOK	FM Classic Rock FM Soft Adult Contemporary	Bus, Bulletins, Mall Posters, Rail
#25 Radio	WQAL WXTM	FM Hot Adult Contemporary FM Alternative Rock	

(1) Radio market rank based on Fall 2005 Radio Market Ranking as provided by Arbitron Inc. Television market rank based on Nielsen Station Index DMA Market and Demographic Rank, September 2005.

(2) Sub-market of New York City. Radio's New York City radio stations serve Nassau-Suffolk.

Outdoor. CBS Corp. sells, through Viacom Outdoor, advertising space on various media, including billboards, transit shelters, buses, rail systems (in-car, station platform and terminal), mall kiosks and stadium signage. Viacom Outdoor manages the sale of advertising on over two million faces worldwide, ranging from bulletins to signs on buses, trains, subways and shelters. It has outdoor advertising operations in more than 100 markets in North America, including all 50 of the largest metropolitan markets in the United States, 19 of the 20 largest metropolitan markets in Canada and 44 of the 45 largest metropolitan markets in Mexico. Additionally, Viacom Outdoor has the exclusive rights to manage advertising space within the London Underground, and on London buses, and on approximately 87% of the total bus fleet in the U.K., and has a variety of outdoor advertising displays in the Netherlands, France, Italy, the Republic of Ireland, Northern Ireland, Spain, Finland and Puerto Rico. The "Radio Stations, Television Stations and Outdoor Advertising Displays" table above includes information with regard to CBS Corp.'s outdoor advertising properties in the top 25 U.S. radio markets.

The substantial majority of Viacom Outdoor's revenues are generated from the sale of local, regional and national advertising. Advertising rates are based on supply and demand for the particular locations, which are influenced by a particular display's exposure, known as "impressions," delivered in relation to the demographics of the particular market and its location within that market. Currently, these impressions are not measured by independent third parties. CBS Corp. cannot predict the impact, if any, on the outdoor business should impressions become measured.

Viacom Outdoor generally operates in the billboard, transit and street furniture advertising markets. Viacom Outdoor primarily operates two types of billboard advertising displays, commonly referred to as "bulletins" and "posters." Bulletin space and poster space are generally sold for periods ranging from four weeks to 12 months. Billboards are generally mounted on structures owned or leased by Viacom Outdoor. Lease agreements are negotiated with both public and private landowners for varying terms ranging from month-to-month to year-to-year and can be for terms of 10 years or longer, and many provide for renewal options. There is no significant concentration of displays under any one lease or subject to negotiation with any one landlord. The major categories of Viacom Outdoor's advertisers include entertainment, media, automotive, beverage, financial, telecommunications, retail, real estate and restaurants. Out-of-home media industry advertising expenditures by retailers and the entertainment industry fluctuate, which has an effect on Viacom Outdoor's revenues. In connection with the separation, CBS Corp. will license the right to use the Viacom trademark in connection with its outdoor business for up to six years.

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

Street furniture displays, the most common of which are bus shelters, reach both vehicular and pedestrian audiences. Bus shelters are usually constructed, installed and maintained by Viacom Outdoor. Most of Viacom Outdoor's bus shelter contracts include revenue-sharing arrangements with a municipality or transit authority and often include minimum required payments. Street furniture contracts usually involve a competitive bidding process and contracts typically are for a term of between 10 to 20 years. Contracts are awarded on the basis of projected revenues to the municipality, including minimum payments, and Viacom Outdoor's willingness to construct public facilities, such as bus shelters, public toilets and information kiosks. In both its transit and street furniture negotiations, Viacom Outdoor seeks to reduce minimum payment obligations in new agreements and on renewal of existing agreements. This position may make it more difficult to enter into new agreements or to renew certain existing agreements.

Viacom Outdoor's business strategy involves expanding its presence in major selected markets, to grow its revenues and cash flow by being a leading provider of out-of-home advertising services in the markets it serves, controlling costs and developing and entering into new markets. In addition, CBS Corp. purchases outdoor advertising assets within its existing markets or in contiguous markets. During 2004 and 2005, Viacom Outdoor acquired new properties and entered into new markets and ventures, including the acquisition of advertising rights and billboards at the Oakland-Alameda County Coliseum Complex in California and with the Port Authority in Oakland, California. CBS Corp. believes that there will be continuing opportunities for implementing its acquisition and development strategies given the outdoor advertising industry's fragmentation. This is particularly true in the international markets, where Viacom Outdoor has limited or no presence in many of the large markets. This situation provides Viacom Outdoor with the opportunity to increase profitability both from acquiring additional assets in or near its existing operations and from future acquisitions in new markets.

Outdoor Competition. The outdoor advertising industry is fragmented, consisting of several large companies involved in outdoor advertising such as Clear Channel Communications, JC Decaux S.A., and Lamar Advertising Company, as well as hundreds of smaller and local companies operating a limited number of display faces in a single or a few local markets. CBS Corp. also competes with other media, including broadcast and cable television, radio, print media, the Internet and direct mail marketers, within their respective markets. In addition, it competes with a wide variety of out-of-home media, including advertising in shopping centers, airports, movie theaters, supermarkets and taxis. Advertisers compare relative costs of available media and cost-per-thousand impressions, particularly when delivering a message to customers with distinct demographic characteristics. In competing with other media, the outdoor advertising industry relies on its relative cost efficiency and its ability to reach a broad segment in a specific market or to target a particular geographic area or population with a particular demographic within that market. New technologies for outdoor advertising displays, such as animated billboards and "light-emitting diode" or "LED," displays, continue to develop. CBS Corp. keeps apprised of new technologies and endeavors to remain competitive in this regard. If these new technologies prove desirable to Viacom Outdoor's customers and deliver appropriate returns on investment, CBS Corp.'s costs could increase.

CBS Corp. believes that its strong emphasis in sales and customer service and its position as a leading provider of advertising services in each of its primary markets as well as its international inventory enables it to compete effectively with the other outdoor advertising companies, as well as other media, within those markets.

Parks/Publishing. Parks/Publishing's principal businesses are Simon & Schuster, which publishes and distributes consumer books in the United States and internationally, and Paramount Parks, which is principally engaged in the ownership and operation of five regional theme parks and a themed attraction in the United States and Canada.

Publishing. Simon & Schuster publishes and distributes adult and children's consumer books in printed, audio and digital formats in the United States and internationally. Simon & Schuster's major adult imprints include Simon & Schuster, Pocket Books, Scribner and The Free Press. Simon & Schuster's major children's imprints include Simon Spotlight®, Aladdin Paperbacks, Atheneum Books For Young Readers and Simon & Schuster Books For Young Readers. Simon & Schuster also develops special imprints and publishes titles based on CBS Network's and Showtime Networks' products as well as those of third parties, including MTV Networks and Paramount Pictures, and distributes products for other publishers. Simon & Schuster distributes its products directly and through third parties. International publishing includes the international distribution of English-language titles through Simon & Schuster UK, Simon & Schuster Canada and Simon & Schuster Australia, as well as the publication of local titles by Simon & Schuster UK.

In 2004, Simon & Schuster published 100 titles that were *New York Times* bestsellers, including 17 *New York Times* #1 bestsellers. Best-selling titles in 2004 included "*Angels & Demons*" by Dan Brown, "*He's Just Not That Into You*" by Greg Behrendt and Liz Tuccillo, "*Family First*" by Dr. Phil McGraw and several series featuring characters from popular Nickelodeon programs. Simon & Schuster published over 65 titles that were *New York Times* bestsellers in 2005, including ten *New York Times* #1 bestsellers, including "*No Place Like Home*" by Mary Higgins Clark and "*1776*" by David McCullough. Simon & Schuster Online, through SimonSays.com, publishes original content, builds reader communities and promotes and sells Simon & Schuster's books over the Internet.

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

Parks. Paramount Parks owns and operates five regional theme parks and a themed attraction in the United States and Canada: Paramount's Carowinds®, in Charlotte, North Carolina, Paramount's Great America, in Santa Clara, California, Paramount's Kings Dominion, located near Richmond, Virginia, Paramount's Kings Island, located near Cincinnati, Ohio, Paramount Canada's Wonderland®, located near Toronto, Ontario, and the themed attraction, Star Trek: The Experience®, at the Las Vegas Hilton, a futuristic, interactive environment based on the popular television and movie series. Each of the theme parks features attractions, products and live shows based on various intellectual properties owned or licensed by CBS Corp. In addition, Paramount Parks operates Bonfante Gardens, a family-oriented garden theme park in Gilroy, California. In 2005, Paramount Parks announced the formation of a joint venture with Great Wolf Lodge Resorts to develop a 30-acre resort at Paramount's Kings Island in Salem, Ohio.

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

Parks/Publishing Competition

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

Parks. CBS Corp. competes with other highly capitalized, multi-park entertainment corporations. In order to compete effectively, CBS Corp. must differentiate its products through its access to entertainment, intellectual property and brands and by investing capital to attract repeat customers. CBS Corp. believes that its owned and licensed intellectual properties enhance existing attractions and facilitate the development of new attractions, which encourage visitors to the Paramount Parks theme parks. The theme parks also compete with other forms of leisure entertainment and with smaller operations in its regions and with other forms of entertainment.

Regulation

CBS Corp.'s 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 CBS Corp.'s businesses.

Intellectual Property

Laws affecting intellectual property are of significant importance to CBS Corp. See the section entitled " Intellectual Property" beginning on page 189.

Copyright Law and Content. In the United States, 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. CBS Corp. is engaged in enforcement and other activities to protect its intellectual property. 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 CBS Corp.'s enforcement efforts.

Broadcasting

General. Television and radio broadcasting are subject to the jurisdiction of the FCC under the Communications Act. The Communications Act empowers the FCC, among other actions, to issue, renew, revoke and modify broadcasting licenses; determine stations' frequencies, locations and operating power; regulate some of the equipment used by stations; adopt other regulations to carry out the provisions of the Communications Act and other laws, including requirements affecting the content of broadcasts; and to impose penalties for violation of its regulations, including monetary forfeitures, short-term renewal of licenses and, in egregious cases, license revocation or denial of license renewals.

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

Indecency Regulation. The FCC's rules prohibit the broadcast of obscene material at any time and indecent or profane material between the hours of 6 a.m. and 10 p.m. Broadcasters risk violating the prohibition against broadcasting indecent material on television or radio broadcast stations because of the vagueness of the FCC's definition of indecent material, coupled with the spontaneity of live programming. The FCC in the last few years has stepped up its enforcement activities as they apply to indecency, and has threatened to initiate license revocation proceedings against broadcast licensees for "serious" indecency violations. Legislation has also been introduced in the U.S. Congress that would increase the penalties for broadcasting indecent programming and potentially increase the exposure of broadcasters to license revocation, renewal or qualifications proceedings in the event that they broadcast indecent material. In 2004, the FCC notified Viacom of apparent liability for a \$550,000 forfeiture relating to the broadcast of the Super Bowl half-time show by CBS Corp.'s broadcast television station affiliates and CBS Network. The FCC had also previously initiated enforcement proceedings in response to allegations that several of CBS Corp.'s radio stations had broadcast indecent

material. In November 2004, Viacom entered into a consent decree with the FCC pursuant to which all of these proceedings, other than the Super Bowl proceeding, were dismissed with prejudice and Viacom agreed to make a voluntary contribution to the U.S. Treasury in the amount of \$3.5 million when the consent decree becomes a "final order." CBS Corp. is defending the consent decree, which is being challenged by a third party, and CBS Corp. is contesting the Super Bowl forfeiture. The consent decree also obligated CBS Corp. to provide training with respect to FCC indecency regulation to programming-related personnel at its broadcast radio and television operations and to implement other measures, such as audio and video delay mechanisms and editorial controls, to reduce the risk of broadcasting indecent material. Modifications to CBS Corp.'s programming to reduce the risk of indecency violations could have an adverse effect on the competitive position of CBS Corp.'s radio and television stations and CBS Network. Since CBS Corp. and the FCC entered into the consent decree, additional complaints have been filed with the FCC alleging indecency violations at some of CBS Corp.'s radio and television stations. Viacom has responded to FCC inquiries concerning these complaints but the FCC has not reached a decision on any of the complaints. Some policymakers also support the extension of indecency rules applicable to over-the-air broadcasters to cover cable and satellite programming and/or attempts to step up enforcement of or otherwise expand existing laws and rules. If such an extension or attempt to step up enforcement took place and were not found to be unconstitutional, some of CBS Corp.'s cable content could be subject to additional regulation and might not be able to attract the same subscription and viewership levels.

License Renewals. Radio and television broadcast licenses are granted for a term of eight years. The Communications Act requires the FCC to renew a broadcast license if the FCC finds that the station has served the public interest, convenience and necessity and with respect to the station, there have been no serious violations by the licensee of either the Communications Act or the FCC's rules and regulations and there have been no other violations by the licensee of the Communications Act or the FCC's rules and regulations that, taken together, constitute a pattern of abuse. CBS Corp. has pending and will file renewal applications for a number of its radio and television station licenses in 2005 and 2006, four of which have been opposed by third parties, and other renewal applications may be so opposed in the future.

License Assignments. The Communications Act requires prior FCC approval for the assignment of a license or transfer of control of an FCC licensee. Third parties may oppose CBS Corp.'s applications to acquire additional broadcast licenses.

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

In 2003, the FCC completed a comprehensive review of all of its broadcast ownership rules, which we refer to in this Prospectus-Information Statement as the "Omnibus Ownership Review," including the local radio ownership rule, the local television ownership rule, the television national audience reach limitation, the dual network rule, the newspaper-broadcast cross-ownership rule and the radio-television cross ownership-rule, and adopted revised rules. Under the new rules, CBS Corp. would be permitted to expand its television and radio station holdings in a number of markets. Several parties, however, appealed the FCC's decision to the U.S. Court of Appeals for the Third Circuit. In January 2004, the U.S. Congress passed legislation establishing a national television audience reach limitation of 39%. This legislation superseded the FCC's decision in the Omnibus Ownership Review to raise the limitation to 45%. In June 2004, the U.S. Court of Appeals for the Third Circuit remanded most of the other revised rules to the FCC for additional justification or modification, including new

cross-media limits the FCC had established and certain revisions to the local radio and television ownership rules. Pending the U.S. Court of Appeals for the Third Circuit's subsequent review of the FCC's decision on remand, a stay of the new broadcast ownership rules, except for the new local radio ownership rules, will remain in effect. CBS Corp. joined with others in asking the U.S. Supreme Court to review the U.S. Court of Appeals for the Third Circuit's decision, but the U.S. Supreme Court declined to hear the case.

The FCC's ownership rules, as currently in effect, and the new rules that remain subject to the court's stay, are briefly summarized below.

Local Radio Ownership. The FCC's new local radio ownership rule is not subject to the U.S. Court of Appeals for the Third Circuit's stay and applies in all markets where CBS Corp. owns radio stations. Under that rule, one party may own as many as eight radio stations in the largest markets, no more than five of which may be either AM or FM. With a few exceptions, the rule permits the common ownership of eight radio stations in the top 50 markets, where CBS Corp. has significant holdings. In the Omnibus Ownership Review, the FCC changed its method of defining local radio markets and counting the number of stations in a particular market, but not the numeric limits. As a result of the change in the method used for defining and counting the number of stations in a local radio market, CBS Corp.'s radio portfolio exceeds the FCC's numeric limit in two markets. While the new rule does not require the divestiture of any existing radio ownership combinations, CBS Corp. is not permitted to transfer its radio portfolios in those two markets intact, except to qualified small businesses.

Local Television Ownership. Under the FCC's local television ownership rule as currently in effect, one party may own up to two television stations in the same DMA so long as at least one of the two stations is not among the top-four ranked stations in the market based on audience share as of the date an application for approval of an acquisition is filed with the FCC, and at least eight independently owned and operating full-power television stations remain in the market following the acquisition. Further, without regard to numbers of remaining or independently owned television stations, the rule as in effect permits the ownership of two television stations within the same DMA so long as certain signal contours of the stations involved do not overlap. The new rule would eliminate the exception for non-overlapping stations and the requirement for a minimum of eight independently owned and operated stations in a DMA. Under the new rule, one party could own up to three television stations in DMAs with 18 or more television stations and up to two television stations in DMAs with fewer than 18 television stations. The FCC, however, retained the prohibition of ownership of two top-four ranked stations, with limited exceptions. Under the rule as in effect, and the new rule, satellite stations that simply rebroadcast the programming of a "parent" station are exempt from the local television ownership rule if located in the same DMA as the "parent" station.

Television National Audience Reach Limitation. Under the national television ownership rule, as modified by the U.S. Congress in 2004, one party may not own television stations which reach more than 39% of all U.S. television households. For purposes of calculating the total number of television households reached by a station, the FCC attributes a UHF television station with only 50% of the television households in its market.

CBS Corp. currently owns and operates television stations that have an aggregate television national audience reach for purposes of the national ownership limitation of approximately 38%, after taking the UHF discount into account.

Radio-Television Cross-Ownership Rule. The radio-television cross-ownership rule as currently in effect limits the common ownership of radio and television stations in the same market. The numeric limit varies according to the number of independent media voices in the market. CBS Corp. owns a combination of radio and television stations in the Los Angeles market in excess of the limit currently

in effect. CBS Corp. has an application pending before the FCC that if granted would bring CBS Corp. into compliance with the rule.

New Cross-Media Limits. The FCC repealed the radio-television cross-ownership rule in the Omnibus Ownership Review and replaced it, as well as the newspaper-broadcast cross-ownership rule, with new cross-media limits. Under the new cross-media limits, there would be no cross-media limits in DMAs with nine or more television stations. In DMAs with between four and eight television stations, radio and television cross-ownership would be permitted without any limitation, so long as there is no common ownership of a daily newspaper. The new rule would prohibit radio and television station cross-ownership only in markets with three or fewer television stations. CBS Corp.'s radio and television portfolio complies with the new cross-media limits assuming that they go into effect without modifications.

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

Attribution of Ownership. Under the FCC's attribution rules, a direct or indirect purchaser of various types of securities of an entity which holds FCC licenses, such as CBS Corp., could violate the foregoing FCC ownership regulations or policies if that purchaser owned or acquired an "attributable" interest in other media properties. Under the FCC's rules, an "attributable" interest for purposes of the FCC's broadcast ownership rules generally includes: equity and debt interests which combined exceed 33% of a licensee's total assets, if the interest holder supplies more than 15% of the licensee's total weekly programming, or has an attributable same-market media interest, whether television, radio, cable or newspaper; a 5% or greater direct or indirect voting stock interest, including certain interests held in trust, unless the holder is a qualified passive investor in which case the threshold is a 20% or greater voting stock interest; any equity interest in a limited liability company or a partnership, including a limited partnership, unless properly "insulated" from management activities; and any position as an officer or director of a licensee or of its direct or indirect parent. The FCC is currently reviewing its single majority voting stockholder attribution exemption which renders as non-attributable voting interests up to 49% in a licensee controlled by a single majority voting stockholder. Because CBS Corp. and New Viacom will be under the common control of the same single majority voting stockholder, each company's businesses will be attributable to that stockholder. As a result, the conduct of one company may have the effect of limiting the activities or strategic business alternatives available to the other company.

Alien Ownership. CBS Corp. periodically surveys its public stockholders to ascertain compliance with provisions in the Communications Act that limit the ability of foreign entities or individuals to own or hold interests in broadcast licenses. In general, the Communications Act prohibits foreign individuals or entities from owning more than 20% of the voting power or equity of CBS Corp.

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

As part of the nationwide transition from analog to digital broadcasting, all full power commercial television stations are required to transmit a digital signal 100% of the time they are transmitting an

analog signal. With the exception of CBS Corp.'s UPN-affiliated station in Pittsburgh, all of CBS Corp.'s full power stations have commenced digital broadcasting. In Pittsburgh, CBS Corp. is waiting for the FCC to complete a proceeding involving a change in the station's assigned digital channel. The FCC's plan conditionally calls for the analog-to-digital television transition period to end in the year 2006, at which time current rules would require television broadcasters to cease non-digital broadcasting and return one of their two channels to the government, allowing that spectrum to be recovered for other uses. The end of the transition period, however, is likely to be delayed. The FCC has not yet completed the process of assigning final digital channels to all television stations, including some television stations owned by CBS Corp. In addition, the FCC is required by statute to extend the end of the transition at the request of individual broadcast licensees on a market-by-market basis depending on digital transmission and reception levels in individual markets. The U.S. Congress is considering a law that would mandate full power television stations in all markets to cease analog broadcasts by a definitive date. The law may include a program of subsidies to consumers for the purchase of digital conversion devices for existing analog television receivers. CBS Corp. has incurred considerable costs in the conversion to digital television and is unable to predict the effect of the cessation of analog broadcasting and the extent or timing of consumer demand for digital television services and the resulting impact on CBS Corp.'s viewership.

Cable and Satellite Carriage of Television Broadcast Stations. The 1992 Cable Act and implementing FCC regulations govern the retransmission of commercial television stations by cable television operators. Every three years, each station must elect, with respect to cable systems within its DMA, either "must carry" status, pursuant to which the cable system's carriage of the station is mandatory, or "retransmission consent," pursuant to which the station gives up its right to mandatory carriage in order to negotiate consideration in return for consenting to carriage. In general, CBS Corp.'s stations elected the retransmission consent option for cable carriage for the three-year period that began January 1, 2003. CBS Corp. has also elected the retransmission consent option for the three-year period beginning January 1, 2006.

Similarly, federal legislation and FCC rules govern the retransmission of broadcast television stations by DTH satellite operators. DTH satellite operators are required to carry the signals of all local television broadcast stations requesting carriage in local markets in which the DTH satellite operator carries at least one signal pursuant to the statutory local-to-local compulsory copyright license. Every three years, each television station in such markets must elect "must carry" or "retransmission consent" status, in a manner similar to that described above with respect to cable systems. Almost all of CBS Corp.'s owned and operated television stations are being transmitted into their local markets by the two major DTH satellite operators pursuant to retransmission consent agreements.

The foregoing relates to cable and satellite carriage of analog television broadcast stations. Although a single programming stream transmitted by each digital television station will be required to be carried on both distribution platforms after the end of the digital television transition period, the FCC in February 2005 affirmed that it will not require cable operators either to carry both a station's analog and digital signals during the transition period or, after the conversion to digital, to carry more than a station's primary video programming channel. However, CBS Corp. has agreements with a number of multiple system operators that require carriage of the digital and analog signals of CBS Corp.-owned television stations during the transition (including multiple streams of digital programming).

A la Carte. Several policymakers maintain that cable operators should be required to offer programming to subscribers on a network by network, à la carte, basis. Unbundling packages of program services may increase competition among programmers and marketing expenses, which could adversely affect Showtime Networks' results of operations.

Children's Television Programming. Federal legislation and FCC rules limit the amount and content of commercial matter that may be shown on television stations during programming designed for children 12 years of age and younger, and require stations to broadcast three hours per week of educational and informational programming, which we refer to in this Prospectus-Information Statement as "E/I programming," designed for children 16 years of age and younger. The FCC recently issued new rules that would, as of January 1, 2006, impose the E/I programming requirement on each digital multicast program stream transmitted by television stations, as well as limit the number of times a qualifying E/I program could be preempted for any reason, including scheduling conflicts due to sports and other popular event-based programming. The new rules would also classify program promotions during children's programming as commercial matter unless the promoted programs are educational, and would limit the display during children's programming of the Internet address of websites that contain or link to commercial material, including the website for the broadcast channel itself if commercial material is on the website. These rules, if not modified, could have an adverse impact on CBS Corp.'s owned and operated television stations as well as on the CBS Network, which supplies children's programming to its affiliates nationwide. Viacom and several other companies have asked the FCC to reconsider the rules and have sought a stay of the effective date of these rules during the FCC's reconsideration.

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. CBS Corp.'s wholly owned program services are not currently subject to the program access rules. CBS Corp.'s flexibility to negotiate the most favorable terms available for its content and its ability to offer cable operators exclusive programming could be adversely affected if it were to become subject to the program access rules.

Digital Radio. For a number of years, the FCC has been developing rules that would permit existing AM and FM radio broadcast stations to broadcast digitally in order both to improve sound quality and to provide spectrum for enhanced data services to complement the existing programming service and provide new business opportunities for radio broadcasters, including multicasting opportunities. In 2002, the FCC authorized FM radio stations (on a full-time basis) and AM radio stations (on a daytime only basis) to broadcast digital signals using excess spectrum in the same channel used for analog transmissions. The FCC is still developing final rules for the conversion of radio stations to digital, and has not mandated use of the technology or established any timetable for conversion to digital. Despite the lack of such a mandate, CBS Corp. has committed to converting 131 of its radio stations to digital broadcasting technology over the next several years. Approximately 21 other broadcasters have made similar commitments that will result in more than 2,000 AM and FM stations converting to digital technology nationwide, including in each of the top 100 radio markets.

Payola. The Attorney General of the State of New York is in the process of conducting an investigation of record companies, radio stations and independent record promoters relating to the promotion of music on radio stations, principally to determine whether radio stations have received undisclosed payments which affected their decisions on what songs to play, a practice commonly referred to as "payola." The Attorney General recently entered into a settlement agreement with Sony/BMG Music Entertainment. Infinity Broadcasting has cooperated fully with the Attorney General and has provided information as requested and permitted the deposition of several of its employees. Because the receipt of "payola" violates the Communications Act, the FCC has announced that it

intends to review information provided the Attorney General, and may initiate its own investigation sometime in the future.

Outdoor

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

Under U.S. law, principally the Highway Beautification Act of 1965, which we refer to in this Prospectus-Information Statement as the "HBA," outdoor advertising is controlled on primary and interstate highways built with federal financial assistance. As a condition to federal highway assistance, the HBA requires states to restrict billboards on such highways to commercial and industrial areas, and imposes certain additional size, spacing and other requirements associated with the installation and operation of billboards. Viacom Outdoor is not aware of any states which have passed laws and adopted regulations which are less restrictive than the federal requirements, including the obligation on the part of the billboard owner to remove, at the owner's expense and without compensation, any signs on such highways that do not comply with such requirements. CBS Corp. does not believe that the number of its billboards that may be subject to removal under these regulations is material. Several cities have adopted standards more restrictive than the federal requirements. Municipal and county governments generally also have sign controls as part of their zoning laws and building codes. Some state and local governments prohibit construction of new billboards and some allow new construction only to replace existing structures, although most allow construction of billboards subject to restrictions on zones, size, spacing, height and type of construction. In some cases, the construction of new billboards or the relocation or modification of existing billboards is prohibited. A number of cities including New York City, Los Angeles and Miami have implemented or initiated legislative billboard controls, including imposing taxes, fees and registration requirements in an effort to decrease or restrict the number of outdoor signs. CBS Corp. contests such laws and regulations that it believes unlawfully restrict its constitutional or other legal rights and may adversely impact the growth of the outdoor advertising business.

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

negotiating settlements with municipalities for billboards required to be removed. Restrictive regulations also limit Viacom Outdoor's ability to rebuild or replace nonconforming billboards.

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

Intellectual Property

CBS Corp. creates, owns and distributes intellectual property worldwide. It is CBS Corp.'s practice to protect its television and radio product, characters, publications and other original and acquired works and software. 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 CBS Corp.: CBS, CBS Entertainment, CBS News, CBS Sports, UPN, Showtime, The Movie Channel, FLIX, Infinity Broadcasting, Spelling Television, King World, Entertainment Tonight, Simon & Schuster, Pocket Books and all the call letters for CBS Corp.'s television and radio stations. As a result, domestic and foreign laws protecting intellectual property rights are important to CBS Corp., and CBS Corp. actively enforces its intellectual property rights against infringements.

Employees and Labor Matters

At December 31, 2004, Viacom employed approximately 38,350 people, including full-time and part-time salaried employees.

Properties

CBS Corp. will maintain its world headquarters at 51 West 52nd Street, New York, New York, where it owns a building containing approximately 900,000 square feet of office space, of which approximately 240,000 square feet is occupied by CBS Corp., with the balance being leased to third parties. CBS Corp. owns the CBS Broadcast Center complex located on approximately 3.7 acres at 524 West 57th Street, New York, New York, which consists of approximately 860,000 square feet of office and studio space. CBS Corp. also owns two studio facilities in California: (a) the CBS Studio Center at 4204 Radford Avenue, Studio City, California, located on approximately 40 acres, and (b) CBS Television City at 7800 Beverly Boulevard, Los Angeles, California, located on approximately 25 acres.

In connection with the separation, CBS Corp. will lease or sublease from New Viacom the following facilities for certain of its operating divisions: (a) office space at 1515 Broadway, New York, New York, (b) office space at 1633 Broadway, New York, New York and (c) office and tape storage space at the Paramount Pictures Studio.

Simon & Schuster leases approximately 237,000 square feet of office space at 1230 Avenue of the Americas, New York, New York, which lease runs to 2009. Paramount Parks' operations in the United States include approximately 1,950 acres owned and 108 acres leased and in Canada include approximately 380 acres owned.

CBS Corp. and its subsidiaries will also own and lease office, studio and warehouse space, broadcast, antenna and satellite transmission facilities and outdoor advertising properties throughout

the United States, Canada and several countries around the world for its businesses. CBS Corp. considers its properties adequate for its present needs.

Legal Proceedings

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

Claims are frequently filed and/or settled in large groups, which may make the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. CBS Corp. does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of December 31, 2004, CBS Corp. had pending approximately 112,140 asbestos claims, compared with approximately 112,280 as of December 31, 2003 and approximately 103,800 as of December 31, 2002. Of the claims pending as of December 31, 2004, approximately 82,370 were pending in state courts and 27,180 were pending in federal courts and approximately 2,590 were third-party claims. During 2004, CBS Corp. received approximately 16,060 new claims and closed or moved to an inactive docket approximately 16,200 claims. CBS Corp. reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when CBS Corp. has reached agreement with the claimants on the material terms of a settlement.

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, CBS Corp. has not been liable for any third-party claims. CBS Corp.'s total costs (recovery) for the years 2004 and 2003 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$58.4 million and \$(8.7) million, respectively. A portion of such costs relates to claims settled in prior years. If proceeds received in 2003 from an insurance commutation were excluded from CBS Corp.'s total costs in 2003, CBS Corp.'s total costs after insurance recoveries and net of tax benefits would have been \$56.6 million. CBS Corp.'s costs for settlement and defense of asbestos claims may vary from year to year as insurance proceeds are not always recovered in the same period as the insured portion of the expenses.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased primarily by exposure to asbestos; lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure; other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. Claims identified as cancer remain a small percentage of asbestos claims pending at December 31, 2004. In a substantial number of the pending claims, the plaintiffs have not yet identified the claimed injury. CBS Corp. believes that its reserves and insurance are adequate to cover its asbestos liabilities and that these asbestos liabilities are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

CBS Corp. from time to time receives claims from federal and state environmental regulatory agencies and other entities asserting that it is or may be liable for environmental cleanup costs and related damages principally relating to discontinued operations conducted by companies acquired by

CBS Corp. In addition, CBS Corp. from time to time receives personal injury claims, including toxic tort and product liability claims, and contractual claims arising from discontinued operations and former operations of CBS Corp. and its predecessors, certain of which are unrelated to the media business.

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

CAPITALIZATION OF CBS CORP.

The following table sets forth Viacom's capitalization as of September 30, 2005 on a historical basis, as reported by Viacom, and CBS Corp.'s capitalization on a pro forma basis to reflect additional borrowings, the special cash dividend, the conversion of shares and other pro forma adjustments which are described in the section entitled "CBS Corp. Unaudited Pro Forma Consolidated Condensed Financial Information" beginning on page 223.

(in millions, except per share amounts)	At September 30, 2005 (unaudited)	
	Viacom Historical	CBS Corp. Pro Forma
Cash and cash equivalents	\$ 810.8	\$ 711.6
Debt:		
Long-term debt, including capital lease obligations, current	\$ 63.6	\$ 14.0 ⁽¹⁾
Long-term debt, including capital lease obligations	10,635.2	6,986.0 ⁽¹⁾
Total Debt	10,698.8	7,000.0
Stockholders' equity:		
Class A common stock	1.3	.1
Class B common stock	17.5	.7
Additional paid-in capital	65,924.9	43,874.6 ⁽¹⁾⁽²⁾
Retained deficit	(12,700.0)	(12,702.8)
Accumulated other comprehensive loss	(398.2)	(383.0)
Less: Treasury stock, at cost	12,490.7	342.5 ⁽²⁾
Total Stockholders' Equity	40,354.8	30,447.1
Total Capitalization	\$ 51,053.6	\$ 37,447.1

(1) Special Cash Dividend

Edgar Filing: VIACOM INC - Form S-4/A

Shortly prior to the separation, New Viacom will pay a special cash dividend to Viacom (to be renamed CBS Corporation) in an amount sufficient to establish CBS Corp.'s opening debt balance from continuing operations at \$7 billion, subject to certain adjustments. New Viacom has received \$6.0 billion in financing commitments, subject to satisfaction of customary conditions, for a bridge term facility that will be used to fund the special cash dividend and for general corporate purposes.

Based on Viacom's historical debt balance at September 30, 2005, CBS Corp.'s unaudited pro forma consolidated condensed capitalization reflects a special cash dividend of \$3.4 billion. After taking into account acquisitions and dispositions of assets, operating cash flow and share repurchases, among other things, Viacom's debt balance is expected to be significantly higher at the time of separation than at September 30, 2005, and, as a result, the special cash dividend is expected to be significantly higher than \$3.4 billion. Based on Viacom's debt level as of November 21, 2005, the special cash dividend would approximate \$4.8 billion.

(2)

Separation of New Viacom

Reflects the separation of New Viacom at historical book value and the cancellation of treasury shares.

EXECUTIVE OFFICERS AND DIRECTORS OF CBS CORP.**Executive Officers**

The following table sets forth the name, age and position of each person who will serve as a CBS Corp. executive officer immediately following the separation.

Name	Age	Position
Sumner M. Redstone	82	Chairman
Leslie Moonves	56	President and Chief Executive Officer and Director
Anthony G. Ambrosio	45	Executive Vice President, Human Resources and Administration
Louis J. Briskman	56	Executive Vice President and General Counsel
Carl D. Folta	48	Executive Vice President, Office of the Chairman
Martin D. Franks	55	Executive Vice President, Planning, Policy and Government Relations
Susan C. Gordon	51	Senior Vice President, Controller and Chief Accounting Officer
Joseph R. Ianniello	37	Senior Vice President, Finance and Treasurer
Fredric G. Reynolds	55	Executive Vice President and Chief Financial Officer
Gil Schwartz	54	Executive Vice President, Corporate Communications
Martin M. Shea	62	Executive Vice President, Investor Relations
Angeline C. Straka	60	Senior Vice President, Deputy General Counsel and Secretary

Information about each person who will serve as a CBS Corp. executive officer immediately following the separation is set forth below.

Sumner M. Redstone	<p>Mr. Redstone will serve as chairman of the CBS Corp. board of directors following the separation. Mr. Redstone currently serves as chairman of the Viacom board of directors, a position he has held since 1987, and chief executive officer of Viacom, a position he has held since 1996, and has served on the board of directors since its inception in 1986. Mr. Redstone has also served as chairman of the board of directors of NAI since 1986 and chief executive officer of NAI since 1967. He served as president of NAI from 1967 through 1999. Mr. Redstone served as the first chairman of the board of directors 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. Mr. Redstone will serve as chairman of the New Viacom board of directors following the separation.</p>
--------------------	--

Edgar Filing: VIACOM INC - Form S-4/A

Leslie Moonves

Mr. Moonves will serve as president and chief executive officer of CBS Corp. following the separation and will also serve on the CBS Corp. board of directors. Mr. Moonves currently serves as co-president and co-chief operating officer of Viacom, a position he has held since June 2004. Prior to that, he served as chairman and chief executive officer of the CBS business since 2003 and as president and chief executive officer of those businesses since 1998. Mr. Moonves joined the CBS business in 1995 as president, CBS Entertainment. Prior to that, Mr. Moonves was president of Warner Bros. Television since July 1993. Mr. Moonves serves on the board of KB Home.

Anthony G. Ambrosio

Mr. Ambrosio will serve as executive vice president, human resources and administration of CBS Corp. following the separation. Mr. Ambrosio serves as co-executive vice president, human resources of Viacom, a position he has held since September 2005 and as senior vice president, human resources and administration of the CBS, Infinity and Viacom Outdoor businesses, a position he has held since 2000. Prior to that, Mr. Ambrosio served as vice president, corporate human resources of the former CBS Corporation from 1999 to 2000, as vice president, benefits of the former CBS Corporation from 1995 to November 1999 and as director, personnel of the former CBS Corporation in 1995. He joined the former CBS Corporation in 1985 and held various positions in the human resources area since that time.

Louis J. Briskman

Mr. Briskman will serve as executive vice president and general counsel of CBS Corp. following the separation. Mr. Briskman currently oversees all legal activities for the companies that will comprise CBS Corp., a position he has held since September 2005. Prior to that, Mr. Briskman served as senior vice president and general counsel of Aetna Inc. since April 2004. After the former CBS Corporation's merger with Viacom in May 2000, Mr. Briskman served as executive vice president and general counsel for CBS Television until his retirement in January 2002. From 1993 to 2000, Mr. Briskman served as general counsel of the former CBS Corporation and its predecessor, Westinghouse Electric Corporation, prior to the former CBS Corporation's merger with Viacom. He joined Westinghouse Electric Corporation in 1975, became general counsel of that company's broadcasting subsidiary, known as Group W, in 1983, and became general counsel of Westinghouse Electric Corporation in 1993.

Carl D. Folta

Mr. Folta will serve as executive vice president, office of the chairman of CBS Corp. following the separation. Mr. Folta currently serves as executive vice president, corporate relations of Viacom, a position he has held since November 2004. Prior to that, he served as senior vice president, corporate relations of Viacom from November 1994 to November 2004, and vice president, corporate relations of Viacom from April 1994 to November 1994. Mr. Folta held various communications positions at Paramount Communications Inc. from 1984 until joining Viacom in April 1994. Mr. Folta will serve as executive vice president, office of the chairman of New Viacom following the separation.

Edgar Filing: VIACOM INC - Form S-4/A

Martin D. Franks	<p>Mr. Franks will serve as executive vice president, planning, policy and government relations of CBS Corp. following the separation. Mr. Franks currently serves as executive vice president, CBS Television, a position he has held since 2000, and was also senior vice president of Viacom from 2000 to 2005. Prior to that, Mr. Franks served as senior vice president of the former CBS Corporation from 1997 to 2000, senior vice president, Washington of the former CBS Corporation from 1994 to 1997 and vice president, Washington of the former CBS Corporation from 1988 to 1994, advising with respect to various government affairs matters during that time.</p>
Susan C. Gordon	<p>Ms. Gordon will serve as senior vice president, controller and chief accounting officer of CBS Corp. following the separation. Ms. Gordon currently serves as senior vice president, controller and chief accounting officer of Viacom, a position she has held since May 2002. Prior to that, she served as vice president, controller and chief accounting officer of Viacom from April 1995 to May 2002 and as vice president, internal audit from October 1986 to April 1995. From June 1985 to October 1986, Ms. Gordon served as controller of Viacom Broadcasting. She joined Viacom in 1981 and held various positions in the corporate finance area.</p>
Joseph R. Ianniello	<p>Mr. Ianniello will serve as senior vice president, finance and treasurer of CBS Corp. following the separation. Mr. Ianniello currently serves as senior vice president and treasurer of Viacom, a position he has held since July 2005. Prior to that, Mr. Ianniello served as vice president, corporate development of Viacom from 2000 to 2005 and as director, financial planning of the former CBS Corporation from 1997 to 2000.</p>
Fredric G. Reynolds	<p>Mr. Reynolds will serve as executive vice president and chief financial officer of CBS Corp. following the separation. Mr. Reynolds currently serves as executive vice president and chief financial officer of the companies that will comprise CBS Corp. and continues to oversee the CBS Television Stations Group, where he has held the position of President since March 2001. Prior to that, Mr. Reynolds served as executive vice president and chief financial officer of Viacom from 2000 and served as executive vice president and chief financial officer of the former CBS Corporation and its predecessor, Westinghouse Electric Corporation, from 1994 until its merger with Viacom in 2000. Mr. Reynolds held the additional position of chief financial officer of CBS Inc. from April 1996 to 1997.</p>
Gil Schwartz	<p>Mr. Schwartz will serve as executive vice president, corporate communications of CBS Corp. following the separation. He currently serves as executive vice president of CBS Communications Group, which consists of the companies that will become CBS Corp., a position he has held since 2004. Prior to that, Mr. Schwartz served as executive vice president, communications, CBS from 2004, was senior vice president, communications of CBS from 2000 to 2004 and was senior vice president, communications of the former CBS Corporation from 1996 to 2000. Mr. Schwartz served as vice president, corporate communications, of Westinghouse Broadcasting from 1995 to 1996. Prior to that, Mr. Schwartz served as vice president, communications for Westinghouse Broadcasting Group's W Television Stations from 1989 to 1995. Mr. Schwartz joined Westinghouse Broadcasting in 1981.</p>

Martin M. Shea Mr. Shea will serve as executive vice president, investor relations, of CBS Corp. following the separation. Mr. Shea currently serves as executive vice president, investor relations of Viacom, a position he has held since November 2004. Prior to that, he served as senior vice president, investor relations of Viacom, from January 1998. From July 1994 to May 1995 and from November 1995 to December 1997, he was senior vice president, corporate communications for Triarc Companies, Inc. From June 1995 through October 1995, he served as managing director of Edelman Worldwide. From 1977 until July 1994, Mr. Shea held various investor relations positions at Paramount Communications Inc., serving most recently as vice president, investor relations.

Angeline C. Straka Ms. Straka will serve as senior vice president, deputy general counsel and secretary of CBS Corp. following the separation. Ms. Straka currently serves as vice president and associate general counsel and co-head of the corporate, transactions & securities practice group in the corporate law department of Viacom. She also serves as an assistant secretary of Viacom, assisting the general counsel with respect to board of directors matters. Prior to joining the Viacom corporate law department in February 2001, Ms. Straka served, from May 2000, as senior vice president, general counsel & secretary of Infinity Broadcasting Corporation, then a majority-owned public subsidiary of Viacom. Since 1992 and up to the time of the May 2000 merger of Viacom and the former CBS Corporation, Ms. Straka was vice president, deputy general counsel & secretary of the former CBS Corporation.

Board of Directors

Upon completion of the separation, the CBS Corp. board of directors will consist of _____ members, a majority of whom will be independent under the standards discussed below. Each director will hold office, in accordance with the CBS Corp. certificate of incorporation and bylaws, until the next annual meeting of stockholders and until his or her successor is duly elected and qualified.

The following table sets forth the name, age and position of each person who will serve as a CBS Corp. director, immediately following the separation.

Name	Age	Position
Sumner M. Redstone(1)	82	Chairman
Shari Redstone(1)	51	Vice Chair
David R. Andelman	66	Director
Joseph A. Califano Jr.	74	Director
William S. Cohen	65	Director
Philippe P. Dauman	51	Director
Charles K. Gifford	63	Director
Bruce S. Gordon	59	Director
Leslie Moonves	56	President and Chief Executive Officer and Director
Ann N. Reese	52	Director
Judith A. Sprieser	51	Director
Robert D. Walter	60	Director

(1) Mr. Redstone and Ms. Redstone will serve as chairman and non-executive vice chair, respectively, of the board of directors of CBS Corp. immediately following the separation. Ms. Redstone is Mr. Redstone's daughter. None of the other directors are related to any other director by blood, marriage or adoption.

Edgar Filing: VIACOM INC - Form S-4/A

Information about each person who will serve as a CBS Corp. director immediately following the separation, but who is not also a CBS Corp. executive officer noted above, is set forth below. Information about Messrs. Redstone and Moonves is set forth above in the section entitled " Executive Officers."

David R. Andelman	Mr. Andelman will serve on the CBS Corp. board of directors following the separation. Mr. Andelman currently serves on the Viacom board of directors, a position he has held since 2000. He is an attorney associated with the law firm of Lourie & Cutler, P.C. in Boston, Massachusetts since 1964. Mr. Andelman also serves as a director and treasurer of Lourie & Cutler. He is a director of NAI.
-------------------	---

Joseph A. Califano, Jr.	Mr. Califano will serve on the CBS Corp. board of directors following the separation. Mr. Califano currently serves on the Viacom board of directors, a position he has held since 2003. He is chairman and president of The National Center on Addiction and Substance Abuse at Columbia University, a position he has held since 1992. Mr. Califano has served as Adjunct Professor of Public Health at Columbia University's Medical School and School of Public Health since 1992 and is a member of the Institute of Medicine of the National Academy of Sciences. He was senior partner of the Washington, D.C. office of the law firm Dewey Ballantine from 1983 to 1992. Mr. Califano served as the United States Secretary of Health, Education and Welfare from 1977 to 1979 and he served as President Lyndon B. Johnson's Assistant for Domestic Affairs from 1965 to 1969. He is the author of ten books. Mr. Califano is a director of Midway and Willis Group Holdings Limited.
-------------------------	--

William S. Cohen	Mr. Cohen will serve on the CBS Corp. board of directors following the separation. Mr. Cohen currently serves on the Viacom board of directors, a position he has held since 2003. He has been chairman and chief executive officer of The Cohen Group, a business consulting firm, since January 2001 and chairman of The Cohen Group Financial Partners, a merchant banking firm, since February 2004. Prior to founding The Cohen Group, Mr. Cohen served as the United States Secretary of Defense from January 1997 to 2001. He also served as a United States Senator from 1979 to 1997 and as a member of the United States House of Representatives from 1973 to 1979. Mr. Cohen is a director of American International Group, Inc. and Head N.V.
------------------	--

Philippe P. Dauman	Mr. Dauman will serve on the CBS Corp. board of directors following the separation. Mr. Dauman currently serves on the Viacom board of directors, a position he has held since 1987. He has been co-chairman and chief executive officer of DND Capital Partners, L.L.C., a private equity firm, since May 2000. Mr. Dauman served as Viacom's deputy chairman from 1996 until May 2000 and executive vice president from 1994 until May 2000. From 1993 to 1998, Mr. Dauman also served as general counsel and secretary of Viacom. He is a director of NAI and Lafarge North America Inc. and will serve on the New Viacom board of directors after the separation.
--------------------	---

Edgar Filing: VIACOM INC - Form S-4/A

Charles K. Gifford

Mr. Gifford will serve on the CBS Corp. board of directors following the separation. Mr. Gifford is chairman emeritus of Bank of America Corporation. He was chairman and chief executive officer of BankBoston prior to its 1999 merger with Fleet Financial Group, and became president and chief operating officer of the combined companies. Mr. Gifford became chief executive officer of FleetBoston Financial in 2001 and chairman in 2002. Mr. Gifford is a director of NSTAR and Bank of America.

Bruce S. Gordon

Mr. Gordon will serve on the CBS Corp. board of directors following the separation. Mr. Gordon was named president and chief executive officer of the National Association for the Advancement of Colored People (NAACP) in June 2005. In December 2003, Mr. Gordon retired from Verizon Communications where he had served as president, retail markets group since June 2000. Prior to that, Mr. Gordon served as group president, enterprise business with Bell Atlantic Corporation since December 1998. He served as group president, consumer and small business services of Bell Atlantic from 1993 to August 1997, and as group president, retail, from August 1997 to December 1998. Mr. Gordon is a director of Southern Company and Tyco International Ltd.

Shari Redstone

Ms. Redstone will serve as vice chair of the CBS Corp. board of directors following the separation. Ms. Redstone currently serves as vice chairman of the Viacom board of directors, a position she has held since June 2005, and has served on the Viacom board of directors since 1994. She has been president of NAI since January 2000, prior to that serving as executive vice president of NAI since 1994. Ms. Redstone practiced law from 1978 to 1993, with her practice including corporate law, estate planning and criminal law. Ms. Redstone is a member of the board of directors and executive committee for the National Association of Theatre Owners, co-chairman and co-chief executive officer of MovieTickets.com, chairman and chief executive officer of CineBridge Ventures, Inc. and chairman and chief executive officer of Rising Star Media. Ms. Redstone is a board member of several charitable organizations, including the board of trustees at Dana Farber Cancer Institute, the board of directors at Combined Jewish Philanthropies and the board of directors of the John F. Kennedy Library Foundation. Ms. Redstone is a director of NAI and vice chairwoman of Midway and will serve as vice chair of the New Viacom board of directors following the separation.

Ann N. Reese

Ms. Reese will serve on the CBS Corp. board of directors following the separation. Ms. Reese is the co-founder and executive director of the Center for Adoption Policy, a non-profit organization focused on current legislation and practices governing adoption around the world. She was a principal of Clayton, Dubilier & Rice, a private equity investment firm, from 1999 to 2000, and executive vice president and chief financial officer of ITT Corporation from 1995 to 1998. Ms. Reese is a director of Jones Apparel Group, Inc., Merrill Lynch & Co., Inc., Sears Holdings Corporation and Xerox Corporation.

Judith A. Sprieser

Ms. Sprieser will serve on the CBS Corp. board of directors following the separation. Ms. Sprieser served until March 2005 as chief executive officer of Transora, Inc., a technology software and services company, which she founded in 2000. Previously, Ms. Sprieser was an executive with Sara Lee Corporation from 1987 to 2000, serving as chief executive officer of Sara Lee's food group and, prior to that, as chief financial officer of Sara Lee Corporation. Ms. Sprieser is a director of The Allstate Corporation, InterContinentalExchange, Inc., Kohl's Corporation, Reckitt Benckiser plc and USG Corporation.

Robert D. Walter

Mr. Walter will serve on the CBS Corp. board of directors following the separation. Mr. Walter currently serves on the Viacom board of directors, a position he has held since 2000. He also served on the board of directors of the former CBS Corporation prior to its merger with Viacom in 2000. Mr. Walter is the founder of and has been the chairman and chief executive officer of Cardinal Health, Inc. since 1971. He is also a director of American Express Co.

Director Independence

Following the separation, Viacom's corporate governance guidelines will become CBS Corp.'s corporate governance guidelines, which we refer to in this Prospectus-Information Statement as the "CBS Corp. Guidelines." The CBS Corp. Guidelines provide that a majority of the CBS Corp. directors must be independent, as "independence" is defined in the NYSE listing standards and in the CBS Corp. Guidelines. The NYSE listing standards set forth five "bright-line" tests that require a finding that a director is not independent if the director fails any of the tests. In addition, the NYSE listing standards provide that a director is not independent unless the CBS Corp. board of directors affirmatively determines that the director has no "material relationship" with CBS Corp. The CBS Corp. Guidelines set forth categorical standards to assist the CBS Corp. board of directors in determining what constitutes a "material relationship" with CBS Corp. Generally, under these categorical standards the following relationships are deemed not to be material:

the types of relationships identified by the NYSE listing standards' bright-line tests, if they occurred more than five years ago (the CBS Corp. board of directors will review any such relationship if it occurred more than three, but less than five, years ago);

a relationship whereby the director has received, or an immediate family member of the director has received for service as an executive officer, less than \$100,000 in direct compensation from CBS Corp. during any 12-month period within the last three years; and

a relationship where the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of the following:

a company that made payments to or received payments from CBS Corp. for property or services in an amount that, in any of the last three fiscal years, is less than 1% of the other company's annual consolidated gross revenues;

a company which is either indebted to or a creditor of CBS Corp. in an amount that is less than 1% of the other company's total consolidated assets; and

a tax-exempt organization that received contributions from CBS Corp. in the prior fiscal year in an amount less than the greater of \$500,000 or 1% of that organization's consolidated gross revenues.

For relationships that exceed the thresholds set forth above, the determination of whether the relationship is material or not, and therefore whether the CBS Corp. director would be independent or not, will be made by the directors who are independent. In addition, the CBS Corp. Guidelines state that, generally, the types of relationships not addressed by the NYSE listing standards or described in

the CBS Corp. Guidelines will not cause an otherwise independent director to be considered not independent. However, the CBS Corp. board of directors may determine that a director is not independent for any reason it deems appropriate.

The Viacom board of directors has determined that the following CBS Corp. directors are independent under these standards: Joseph A. Califano Jr., William S. Cohen, Philippe P. Dauman, Charles K. Gifford, Bruce S. Gordon, Ann N. Reese, Judith A. Sprieser and Robert D. Walter.

Board Committees

Following the separation, the CBS Corp. board of directors will have the following standing committees: the audit committee, the compensation committee and the nominating and governance committee. The CBS Corp. board of directors will review and determine the committee structure and membership of the committees annually, or more frequently as needed.

Following the separation, CBS Corp.'s audit committee will consist solely of independent directors within the meaning of the NYSE listing standards. In addition, the audit committee will have at least one "audit committee financial expert," as that term is defined in the Securities Act. Although CBS Corp. will be a "controlled company" under the NYSE listing standards, CBS Corp.'s compensation committee and nominating and governance committee will consist solely of independent directors, which independence is not required for controlled companies under the NYSE listing standards.

The roles and responsibilities of the standing board committees are set forth in their respective charters, copies of which are currently available on Viacom's website at <http://www.viacom.com>. The charters will be available following the separation on CBS Corp.'s website at <http://www.cbscorporation.com> and may also be requested following the separation by writing to Investor Relations, CBS Corporation, 51 West 52nd Street, New York, NY 10019.

CORPORATE GOVERNANCE

Following the separation, CBS Corp. will initially retain the corporate governance initiatives and principal governance documents in place at Viacom, which are described in more detail in Viacom's 2005 proxy statement filed with the SEC. CBS Corp.'s principal governance documents will be as follows:

Corporate Governance Guidelines;

Board committee charters:

Audit committee charter,

Compensation committee charter, and

Nominating and governance committee charter;

Business Conduct Statement; and

Supplemental code of ethics for senior financial officers.

These documents are currently available on Viacom's website at <http://www.viacom.com> and may also be requested by writing to Investor Relations, Viacom Inc., 1515 Broadway, New York, NY 10036. These documents will be available following the separation on CBS Corp.'s website at <http://www.cbscorporation.com> and may also be requested following the separation by writing to Investor Relations, CBS Corporation, 51 West 52nd Street, New York, NY 10019.

Edgar Filing: VIACOM INC - Form S-4/A

The CBS Corp. board of directors, with assistance from its nominating and governance committee, will regularly assess CBS Corp.'s governance practices in light of legal requirements and governance best practices. In several areas, CBS Corp.'s practices will go beyond the requirements of the NYSE listing standards. For example, despite being a "controlled company," CBS Corp. will have a majority of independent directors on its board of directors and will have an independent compensation committee and an independent nominating and governance committee, which independence is not

required for controlled companies under the NYSE listing standards. In addition, the CBS Corp. Guidelines will be amended to provide that a majority of the directors on its board of directors will not be directors who are also on the New Viacom board of directors. CBS Corp. encourages its stockholders to read its corporate governance documents in their entirety, as it believes the documents illustrate its commitment to good governance practices and ethical business conduct.

CBS CORP. DIRECTOR COMPENSATION

Directors of CBS Corp. who are not employees of CBS Corp. or any of its subsidiaries, who we refer to in this Prospectus-Information Statement as the "CBS Corp. outside directors," will be entitled to receive compensation for their service on the board of directors and will be eligible to participate in certain director plans, as described below. David R. Andelman, Joseph A. Califano Jr., William S. Cohen, Philippe P. Dauman, Charles K. Gifford, Bruce S. Gordon, Shari Redstone, Ann N. Reese, Judith A. Sprieser and Robert D. Walter will be the CBS Corp. outside directors immediately following the separation.

Cash Compensation

The cash compensation for the CBS Corp. outside directors will be as follows:

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 will each receive an annual retainer of \$20,000, payable in equal installments quarterly in advance, and the members of those committees will receive a per meeting attendance fee of \$2,000; and

the chair of the nominating and governance committee will receive 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.

Equity Compensation

Viacom maintains the Viacom director option plan and the Viacom director RSU plan. CBS Corp. intends to continue the Viacom director option plan and the Viacom director RSU plan after the separation. We refer to these plans as continued by CBS Corp. after the separation in this Prospectus-Information Statement as the "CBS Corp. director option plan" and the "CBS Corp. director RSU plan," respectively. The number of stock options subject to the initial and annual grants of stock options under the CBS Corp. director option plan will be adjusted as appropriate to reflect the separation. These adjustments will be made at the time of the separation in a manner designed to give the CBS Corp. outside directors stock options that are intended to have a value equivalent to the value of the stock options that Viacom outside directors are intended to receive. Viacom outside directors currently receive (i) an initial grant of 10,000 options to purchase Viacom class B common stock, which options vest one year from the date of grant, and (ii) an annual grant of 4,000 options to purchase Viacom class B common stock, which options vest in three equal annual installments on the first, second and third anniversaries of the date of grant.

Edgar Filing: VIACOM INC - Form S-4/A

Under the CBS Corp. director option plan, the CBS Corp. outside directors will automatically receive the following:

for directors who did not serve on the Viacom board of directors immediately prior to the separation, an initial grant of options to purchase shares of CBS Corp. class B common stock on the date the director first joins the CBS Corp. board of directors or becomes a CBS Corp. outside director, which options will vest one year from the date of grant; and

an annual grant of options to purchase shares of CBS Corp. class B common stock on January 31st of each year, which options will vest in three equal annual installments on the first, second and third anniversaries of the date of grant.

The exercise price of the stock option grants will be the closing price of CBS Corp. class B common stock on the New York Stock Exchange on the date of grant.

Under the CBS Corp. director RSU plan, CBS Corp. outside directors will receive an annual grant of RSUs on January 31st of each year equal to \$55,000 in value based on the closing price of CBS Corp. 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 CBS Corp. outside directors in shares of CBS Corp. class B common stock upon vesting unless the CBS Corp. outside director elects to defer settlement of the RSUs to a future date. CBS Corp. outside directors are entitled to receive dividend equivalents on the RSUs in the event CBS Corp. pays a regular cash dividend on CBS Corp. class B common stock. Dividend equivalents will accrue on the RSUs (including deferred RSUs) in accordance with the plan until the RSUs are settled, at which time the dividend equivalents will be payable in shares of CBS Corp. class B common stock, with fractional shares paid in cash.

On January 31, 2005, Viacom directors Messrs. Andelman, Califano, Cohen, Dauman and Walter, who will serve on the CBS Corp. board of directors following the separation, each received the annual grant of 4,000 options to purchase shares of Viacom class B common stock under the Viacom director option plan. The stock options have an exercise price of \$37.34, which was the closing price of Viacom class B common stock on the New York Stock Exchange on January 31, 2005. On May 26, 2005, in connection with the receipt of stockholder approval of the Viacom director RSU plan, the same group of directors each received an initial grant of 1,563 RSUs, which was equal to \$55,000 in value based on the closing price of Viacom class B common stock on the New York Stock Exchange on that date.

In June 2005, in connection with the appointment of Ms. Shari Redstone as vice chairman of the Viacom board of directors, the Viacom board of directors determined that it was appropriate to begin compensating Ms. Redstone for her services as a board member. As a result, the Viacom board of directors amended both the Viacom director option plan and the Viacom director RSU plan to allow for the participation of Ms. Redstone. The Viacom director option plan was also amended to provide that Ms. Redstone receive an initial grant of 10,000 stock options at the time of her appointment. Ms. Redstone did not previously receive this initial grant as she was not previously compensated for her board service. The grant has an exercise price of \$34.21 which was the closing price of Viacom class B common stock on the New York Stock Exchange on June 14, 2005. These amendments and the grant of stock options to Ms. Redstone are subject to approval by stockholders of CBS Corp. at the next annual meeting of stockholders of CBS Corp.

Deferred Compensation Plan

In 2005, in response to changes in U.S. tax laws, Viacom adopted the Viacom director deferred compensation plan for director deferrals made in 2005 and thereafter. The Viacom deferred compensation plan for outside directors in effect prior to 2005 is substantially similar to the Viacom director deferred compensation plan except that the 2005 plan reflects changes required to comply with Section 409A of the Code. CBS Corp. intends to continue the Viacom director deferred compensation plans after the separation. We refer to the Viacom director deferred compensation plan adopted in

2005 as continued by CBS Corp. after the separation in this Prospectus-Information Statement as the "CBS Corp. director deferred compensation plan." Under the CBS Corp. director deferred compensation plan, CBS Corp. outside directors may elect to defer their board of directors and committee retainers and meeting fees for the upcoming calendar year. Deferred amounts will be credited during a calendar quarter to an interest-bearing income account or a stock unit account in accordance with the director's prior election. Amounts credited to an income account will bear interest at the prime rate in effect at the beginning of each calendar quarter. Amounts credited to a stock unit account will be deemed invested in phantom units for an as equal as possible number of shares of CBS Corp. class A common stock and CBS Corp. class B common stock, calculated based on the closing market prices on the first day of the next calendar quarter.

Upon a director's retirement from the CBS Corp. board of directors, the amounts deferred under the CBS Corp. director deferred compensation plan will be paid in cash in a lump sum or in three or five annual installments, based on the director's prior election, with the lump sum or initial annual installment becoming payable on the later of six months after the director leaves the CBS Corp. board of directors or on January 15th of the following year. The value of a stock unit account will be determined by reference to the average of the closing market prices of CBS Corp. class A common stock and CBS Corp. class B common stock on the New York Stock Exchange on each trading date during the four-week period ending five business days prior to the payment date. Amounts paid in installments will accrue interest until the final installment is paid.

The deferred amounts of individuals serving as Viacom directors immediately prior to the separation who only join the CBS Corp. board of directors at the time of the separation that are invested in an interest-bearing income account will continue to accrue interest as described above. The deferred amounts of such persons that are invested in a stock unit account will be converted at the time of the separation as follows: each Viacom class A common stock phantom unit will be converted into phantom units representing 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock and each Viacom class B common stock phantom unit will be converted into phantom units representing 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock. The deferred compensation accounts of such persons will be paid by CBS Corp. in the manner described in the preceding paragraph after such persons leave the CBS Corp. board of directors, except that (i) amounts deferred by such persons prior to January 1, 2005 will be paid on the later of 90 days after the director leaves the CBS Corp. board of directors or on January 15th of the following year and (ii) amounts deferred prior to the separation by persons who will serve on both the New Viacom board of directors and the CBS Corp. board of directors following the separation will be allocated equally between New Viacom and CBS Corp. at the time of the separation and then paid by the respective company at the appropriate time.

For information on the number of phantom units in the stock unit accounts of Viacom directors who will serve on the CBS Corp. board of directors immediately following the separation as of August 31, 2005, see footnote (2) of the section entitled "The Separation Security Ownership of Certain Beneficial Owners and Management of Viacom" beginning on page 59.

Other

Director Attendance at Certain Events. CBS Corp. believes it is in its best interest for directors to participate in certain CBS Corp. events and meet with management, customers, talent and others important to CBS Corp. Accordingly, following the separation, the CBS Corp. board of directors will continue the Viacom board of directors' current policy on director attendance at events. Under the policy, directors are allocated tickets without charge to attend specific events that have been designated as having a business purpose. In addition, travel expenses to such events are reimbursed by CBS Corp. in accordance with its normal travel policies. The cost of tickets and travel to any events other than the designated events will be at the director's expense. The nominating and governance committee is responsible for monitoring the implementation of the policy.

CBS CORP. EXECUTIVE COMPENSATION

Summary Executive Compensation Table

The following table sets forth information concerning the total compensation for 2004 for the persons who will serve as the chief executive officer and the four most highly compensated executive officers of CBS Corp., which we refer to in this Prospectus-Information Statement as the "CBS Corp. named executive officers," based on 2004 compensation paid by Viacom to such individuals in their capacities at Viacom. These amounts do not reflect the compensation such individuals will receive following the separation. The share information set forth below does not give effect to the separation. For a discussion of the adjustments with respect to Viacom equity-based awards in connection with the separation, see the section entitled "The Separation Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards" beginning on page 53.

Name and Principal Position at CBS Corp.	Year	Annual Compensation(1)			Long-Term Compensation Awards	
		Salary (\$)	Bonus (\$)	Other Annual Compensation \$(2)	Securities Underlying Options (#)	All Other Compensation (\$)
Sumner M. Redstone* Chairman	2004	\$ 4,973,073	\$ 16,500,000	\$ 106,422	2,050,000	\$ 28,440(3)
	2003	3,993,000	15,000,000	83,803	800,000	23,718
	2002	3,629,986	16,500,000	117,533	600,000	42,990
Leslie Moonves President and Chief Executive Officer	2004	5,773,077	14,000,000	184,734	1,901,410	82,500(3)
Fredric G. Reynolds Executive Vice President and Chief Financial Officer	2004	1,243,462	2,000,000		151,410	22,500(3)
Susan C. Gordon Senior Vice President, Controller and Chief Accounting Officer	2004	672,115	675,000	14,301	75,000	20,019(3)
	2003	594,058	600,000	14,190	75,000	17,620
	2002	522,731	525,000	10,588	85,000	18,750
Louis J. Briskman** Executive Vice President and General Counsel	2004					

*

The information concerning Mr. Redstone's total compensation in 2004 has also been presented, and is duplicative of the information provided, in the summary executive compensation table in the section entitled "Description of New Viacom After the Separation New Viacom Executive Compensation Summary Executive Compensation Table" beginning on page 128.

**

Mr. Briskman commenced employment on September 6, 2005 as executive vice president of Viacom and general counsel of the business units that will comprise CBS Corp. Pursuant to the terms of his employment agreement and pro rated from the date he joined Viacom, Mr. Briskman is expected to receive base salary in the amount of \$403,846 and bonus compensation in the minimum amount of \$403,846 for 2005, as well as a cash payment of \$500,000. For a description of Mr. Briskman's compensation, see the section entitled " Employment Agreements" beginning on page 208.

(1)

Annual Compensation from Viacom for the CBS Corp. named executive officers includes the following amounts of compensation deferred under Viacom's 401(k) and excess 401(k) plans and bonus deferral plan and pursuant to their employment agreements: for Mr. Redstone for 2004 in the amount of \$2,809,612, for 2003 in the amount of \$3,022,630 and for 2002 in the amount of \$2,629,987; for Mr. Moonves for 2004 in the amount of \$2,705,212; for Mr. Reynolds for 2004 in the amount of \$63,685; and for Ms. Gordon for 2004 in the amount of \$128,455, for 2003 in the amount of \$111,476 and for 2002 in the amount of \$87,858.

(2)

Edgar Filing: VIACOM INC - Form S-4/A

Other Annual Compensation from Viacom for 2004 for Mr. Redstone includes amounts relating to Viacom's incremental cost for non-business use of the Viacom aircraft of \$92,120. Other Annual Compensation for 2004 for Mr. Moonves includes

Edgar Filing: VIACOM INC - Form S-4/A

amounts relating to Viacom's incremental cost for non-business use of the Viacom aircraft of \$72,615 and \$105,000 for reimbursement in lieu of hotel expenses for each night that he is required to be in New York for business and stays in his own home (Mr. Moonves is based in Los Angeles); Mr. Moonves has waived the right to receive such reimbursement in lieu of hotel expenses for 2005 and subsequent years. Other Annual Compensation for 2004 for Messrs. Redstone and Moonves and Ms. Gordon includes a car allowance of \$13,200 per annum, the value of Company-provided car insurance and the personal use of car services. Other Annual Compensation for 2003 for Mr. Redstone includes amounts relating to Viacom's incremental cost for non-business use of Viacom aircraft of \$69,663 and amounts relating to his car allowance and car insurance. Other Annual Compensation for 2002 for Mr. Redstone includes amounts relating to Viacom's incremental cost for non-business use of Viacom aircraft of \$104,333 and amounts relating to his car allowance. Other Annual Compensation for 2003 and 2002 for Ms. Gordon includes amounts relating to her car allowance and car insurance. The incremental cost of Viacom's aircraft is calculated by dividing the total variable costs (such as fuel, aircraft maintenance, landing and navigation fees and flight crew expenses) by the total flight hours for such year and multiplying such amount by the individual's total number of flight hours for non-business use for the year.

(3)

Viacom maintains a program of life and disability insurance which is generally available to all salaried employees on the same basis. In addition, during 2004, Viacom maintained for Messrs. Redstone and Moonves certain supplemental life insurance benefits. All Other Compensation includes (a) premiums paid by Viacom for life insurance coverage for 2004 for Mr. Redstone of \$5,940 and for Mr. Moonves of \$60,000; (b) Viacom's matching contributions under Viacom's 401(k) plans for 2004 for Messrs. Redstone, Reynolds and Ms. Gordon of \$6,150 and for Mr. Moonves of \$2,600; and (c) credits for Viacom's matching contributions under Viacom's excess 401(k) plans for 2004 for Mr. Redstone of \$16,350, for Mr. Moonves of \$19,900 and for Ms. Gordon of \$13,869.

Option Grants to CBS Corp. Named Executive Officers in Fiscal 2004

The following table sets forth certain information with respect to option grants to purchase shares of Viacom class B common stock awarded during 2004 to the CBS Corp. named executive officers in their capacities at Viacom. The table includes a column designated "Grant Date Present Value." The calculation in that column is based on the Black-Scholes option pricing model adapted for use in valuing stock options. The amount of stock options granted is not indicative of the amount of stock options for CBS Corp. class B common stock these individuals may receive following the separation. The share information set forth below does not give effect to the separation. For a discussion of the adjustments with respect to Viacom equity-based awards in connection with the separation, see the section entitled "The Separation Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards" beginning on page 53.

Name	Individual Grants					Grant Date Present Value \$(5)
	Number of Shares of Viacom Class B Common Stock Underlying Options	% of Total Options Granted to Employees in Fiscal 2004	Exercise Price (\$/Share)	Expiration Date		
Sumner M. Redstone*	550,000(1)	1.94%	\$ 37.66	5/19/14	\$9,724,550	
	500,000(2)	1.77%	35.51	7/01/14	8,228,500	
	1,000,000(2)	3.53%	35.51	7/01/14	16,457,000	
Leslie Moonves	400,000(3)	1.41%	40.39	1/28/14	7,361,600	
	1,410(4)	**	39.01	3/31/14	24,565	
	500,000(2)	1.77%	35.51	7/01/14	8,228,500	
	1,000,000(2)	3.53%	35.51	7/01/14	16,457,000	
Fredric G. Reynolds	150,000(3)	**	40.39	1/28/14	2,760,600	
	1,410(4)	**	39.01	3/31/14	24,565	
Susan C. Gordon	75,000(3)	**	40.39	1/28/14	1,380,300	
Louis J. Briskman						

*

The information concerning Mr. Redstone's option grants for 2004 has also been presented, and is duplicative of the information provided, in the option grant table in the section entitled "Description of New Viacom After the Separation New Viacom Executive Compensation Option Grants to New Viacom Named Executive Officers in Fiscal 2004" beginning on page 129.

Edgar Filing: VIACOM INC - Form S-4/A

**

Less than 1%.

- (1) This grant was awarded to Mr. Redstone on May 19, 2004 and vests in one-quarter increments on May 19, 2005, May 19, 2006, May 19, 2007 and May 19, 2008.
- (2) These grants were awarded to Messrs. Redstone and Moonves on July 1, 2004. For each executive, 500,000 of these options vested on December 31, 2004 and the remaining 1,000,000 options vest in one-quarter increments on July 1, 2005, July 1, 2006, July 1, 2007 and July 1, 2008.
- (3) This grant was awarded to Messrs. Moonves and Reynolds and Ms. Gordon on January 28, 2004 and was originally scheduled to vest in one-quarter increments on January 28, 2005, January 28, 2006, January 28, 2007 and January 28, 2008. The vesting of these options was accelerated in March 2005 and these options are now exercisable except as described below with respect to Mr. Reynolds' grant. However, Mr. Moonves and Ms. Gordon must refrain from selling the shares of Viacom class B common stock acquired upon the exercise of these options (other than shares needed to cover the exercise price and satisfy withholding taxes) until the date on which the exercise would have been permitted under the option's original vesting terms or, if earlier, the executive officer's last day of employment. For a discussion of the acceleration of the vesting of these options, see the section entitled " Aggregated Option Exercises by CBS Corp. Named Executive Officers in Fiscal 2004 and Value of Options at December 31, 2004" beginning on page 204. The grant awarded to Mr. Reynolds on January 28, 2004 has been cancelled and replaced with a substitute grant having the same terms.
- (4) This grant was awarded to Messrs. Moonves and Reynolds on April 1, 2004 under the broad-based Fund the Future Program and is subject to a restriction on exercise until April 1, 2007.
- (5) The actual value, if any, an executive may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. There is no assurance that the value realized by an executive will be at or near the value estimated by the Black-Scholes model. Expected volatility for stock option grants was determined based on the historical volatility on the date of grant. The grant date values presented in the table were determined in part using the following weighted-average assumptions. No adjustments were made for non-transferability or risk of forfeiture.

Expected volatility	38.60%
Risk-free rate of return	4.46%
Dividend yield	0.66%
Time of exercise	7.5 years

The approach used in developing the assumptions upon which the Black-Scholes valuation is based is consistent with the requirements of the SFAS No. 123.

Aggregated Option Exercises by CBS Corp. Named Executive Officers in Fiscal 2004 and Value of Options at December 31, 2004

The following table sets forth information with respect to the exercise of options to purchase shares of Viacom class B common stock during 2004 for the CBS Corp. named executive officers and the status of their options at December 31, 2004. The share information set forth below does not give effect to the separation. For a discussion of the adjustments with respect to Viacom equity-based awards in connection with the separation, see the section entitled "The Separation Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards" beginning on page 53.

Name	Number of Shares of Viacom Class B Common Stock Acquired on Exercise	Value Realized (\$)	Number of Shares of Viacom Class B Common Stock Underlying Unexercised Options as of December 31, 2004		Value of Unexercised In-the-Money Options as of December 31, 2004 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Sumner M. Redstone*	341,500	\$ 6,744,625	10,721,000	2,637,500	\$ 79,895,690	\$ 880,000
Leslie Moonves			4,220,967	2,729,020	10,255,880	880,000
Fredric G. Reynolds			391,566	379,020		
Susan C. Gordon			160,250	183,750	295,960	
Louis J. Briskman			641,344		6,701,799	

Edgar Filing: VIACOM INC - Form S-4/A

*

The information concerning Mr. Redstone's exercise of options during 2004 and the status of his options at December 31, 2004 has also been presented, and is duplicative of the information provided, in the table in the section entitled "Description of New Viacom After the Separation New Viacom Executive Compensation Aggregated Option Exercises by New Viacom Named Executive Officers in Fiscal 2004 and Value of Options at December 31, 2004" beginning on page 130.

On March 8, 2005, the Viacom compensation committee approved the acceleration of the vesting of unvested stock options having an exercise price of \$38 or greater (other than options under Viacom's Fund the Future program) granted from 1999 through May 19, 2004 under Viacom's 2000 Long-Term Management Incentive Plan, as amended and restated, that were held by current employees on March 8, 2005, including the CBS Corp. named executive officers (other than Mr. Briskman who was not an employee of Viacom at that time). Also accelerated were a small number of unvested stock options having an exercise price of \$38 or greater granted under Viacom's 1997 Long-Term Management Incentive Plan, as amended and restated. Stock option awards granted from 1999 through May 19, 2004 with respect to approximately 29 million shares of Viacom class B common stock, including options with respect to 2,958,750 shares of Viacom class B common stock that were held by the CBS Corp. named executive officers, are subject to this acceleration which was effective as of March 8, 2005. The Viacom compensation committee also imposed a holding period that will require Viacom executive officers who become CBS Corp. executive officers to refrain from selling shares acquired upon the exercise of these options (other than shares needed to cover the exercise price and satisfy withholding taxes) until the date on which the exercise would have been permitted under the option's original vesting terms or, if earlier, the executive officer's last day of employment.

Retirement Plans

Viacom maintains the Viacom pension plan, a tax-qualified defined benefit plan, for all eligible employees who satisfy age and service requirements. CBS Corp. intends to continue this plan after the separation with substantially similar terms and provisions. Participation in the Viacom pension plan begins on the later of the date an employee attains age 21 and completes one year of eligibility service. An eligible employee will receive a retirement benefit that is calculated using the plan formula and is based upon the employee's years of benefit service (up to a maximum of 30 years) and final average compensation (eligible salary, commissions and bonus) for the highest 60 consecutive months out of the final 120 months of employment. Employees are fully vested in their accrued benefit upon completion of five full years of service. Viacom pays, and CBS Corp. will pay, the entire cost of the benefits provided by the Viacom pension plan. Effective as of the separation, the name of the Viacom pension plan will be changed to reflect its sponsorship by CBS Corp.

Compensation for purposes of the Viacom pension plan is limited by federal law to \$210,000 for 2005. This amount is adjusted each year in accordance with the Code. Viacom maintains the Viacom excess pension plan to provide benefits to employees who are participants in the Viacom pension plan and whose annual base salary and commissions exceed the annual compensation limitation. CBS Corp. intends to continue this plan after the separation with substantially similar terms and provisions. The benefits under the Viacom excess pension plan are calculated using the Viacom pension plan formula and eligible compensation in excess of the annual compensation limitation. The maximum amount of total annual compensation that may be taken into account under the Viacom pension plan and the Viacom excess pension plan, which we refer to collectively in this Prospectus-Information Statement as the "Viacom pension plans," is \$750,000 or, for any employee who was a participant in the Viacom excess pension plan as of December 31, 1995, the employee's base salary as of December 31, 1995, if greater than \$750,000. (For any participant who is also a participant in the New Viacom pension plans following the separation, which includes Mr. Redstone, the maximum amount is limited to \$375,000.) The benefits under the Viacom excess pension plan are not subject to the Code provisions that limit the compensation used to determine benefits and the amount of annual benefits payable under the Viacom pension plan.

The following table illustrates, for representative average annual compensation and years of benefit service classifications, the annual retirement benefit payable to employees under the Viacom pension plans upon retirement in 2004 at age 65, based on the single life annuity form of benefit payment and not subject to offset.

Viacom Pension Plan Table

Remuneration	Years of Service			
	15	20	25	30
\$ 250,000	\$ 62,154	\$ 82,872	\$ 103,590	\$ 124,307
500,000	127,779	170,372	212,965	255,557
750,000	193,404	257,872	322,340	386,807

As of December 31, 2004, the number of years of benefit service that have been credited for Messrs. Moonves and Redstone and Ms. Gordon are approximately 0.5 years, two years and 23.3 years, respectively.

Mr. Redstone's participation in the Viacom pension plans commenced in March 2003. Mr. Redstone must receive certain minimum payments from the Viacom pension plan on an annual basis.

Viacom also maintains the CBS Combined Pension Plan, which we refer to in this Prospectus-Information Statement as the "CCPP," a tax-qualified defined benefit plan for all eligible employees who satisfy age and service requirements. CBS Corp. intends to continue this plan after the separation. Participation in the CCPP is limited to eligible employees whose employment commenced prior to April 1, 1999. The CCPP contains five separate components, each with its own benefit formula and payment options: (i) the former CBS Corporation component, (ii) the Group W component, (iii) the Midwest component, (iv) the Westinghouse Pension Plan component and (v) the Cash Balance component. Employees are fully vested in their accrued benefit upon completion of five full years of service. Viacom pays, and CBS Corp. will pay, the entire cost of the benefits provided by the CCPP.

Compensation for purposes of the CCPP is limited by federal law to \$210,000 for 2005. This amount is adjusted each year in accordance with the Code. Viacom maintains the CBS Supplemental Executive Retirement Plan, the CBS Bonus Supplemental Executive Retirement Plan and the Westinghouse Executive Pension Plan to provide benefits to certain employees and former employees who are participants in the CCPP and whose annual base salary and commissions exceed the annual compensation limitation.

Effective as of June 1, 2004, Mr. Moonves became a participant in the Viacom pension plans. He received credit in those plans for his service with CBS Broadcasting Inc. prior to June 1, 2004 for purposes of eligibility and vesting, but not for benefit accrual. Mr. Moonves had previously been a participant in the Cash Balance component of the CCPP, the CBS Supplemental Executive Retirement Plan and the CBS Bonus Supplemental Executive Retirement Plan. His active participation in these plans ended on May 31, 2004. His aggregate accrued benefit under these plans as of December 31, 2004 is approximately \$18,550 a month, assuming he receives benefits beginning at age 65 in the form of a single life annuity. The amount of this benefit may be adjusted since the benefit attributable to the Cash Balance component of the CCPP and the CBS Supplemental Executive Retirement Plan will continue to receive interest credits as defined by these two plans until his retirement.

Effective August 15, 2005, Mr. Reynolds became a participant in the Viacom pension plans. He received credit in those plans for his service with the former CBS Corporation and CBS Broadcasting Inc. prior to August 15, 2005 for purposes of eligibility and vesting, but not for benefit accrual. Mr. Reynolds had previously been a participant in the Cash Balance component of the CCPP and the CBS Supplemental Executive Retirement Plan. His active participation in these plans ended on July 29, 2005. His aggregate accrued benefit under these plans as of December 31, 2004 is approximately \$3,200 a month, assuming he receives benefits beginning at age 65 in the form of a single life annuity. The amount of this benefit may be adjusted since the benefit attributable to the Cash Balance component of the CCPP and the CBS Supplemental Executive Retirement Plan will continue to receive interest credits as defined by these two plans until his retirement. Mr. Reynolds had

also previously been a participant in the Westinghouse Executive Pension Plan. His active participation in this plan ended on March 31, 1999. His aggregate accrued benefit under this plan as of December 31, 2004 is approximately \$5,870 per month, assuming he receives benefits beginning at age 65 in the form of a single life annuity.

Effective as of September 6, 2005, Mr. Briskman became a participant in the Viacom pension plans. He received credit in those plans for his service with the former CBS Corporation prior to September 6, 2005 for purposes of eligibility and vesting, but not for benefit accrual. Mr. Briskman had previously been a participant in the Group W Component of the CCPP and the Westinghouse Executive Pension Plan. His active participation in these plans ended on December 31, 2001. Mr. Briskman received a lump sum payment from the CCPP in 2002 and is currently receiving monthly payments of \$746.85 from the CCPP and monthly payments of \$13,243.38 from the Westinghouse Executive Pension Plan. He is also receiving monthly supplemental pension payments in the amount of \$43,437.43 pursuant to an agreement dated March 2, 1999, as amended on May 3, 2000, with the former CBS Corporation.

In addition, Viacom maintains the Viacom 401(k) plan, a tax-qualified defined contribution plan, for all eligible employees. CBS Corp. intends to continue this plan after the separation. Full-time employees who have attained age 21 are eligible to participate immediately upon their date of hire. Participants may defer between 1% and 15% of their eligible compensation on a before tax or after tax basis. The CBS Corp. matching contribution will be calculated using a performance-based formula. For 2004, the Viacom matching contribution was 60% of the amount deferred (up to the first 5% of eligible compensation) for each participant. Employees become vested in their matching contribution account in the Viacom 401(k) plan according to a schedule over a five-year period. Effective with the separation, the name of the Viacom 401(k) plan will be changed to reflect its sponsorship by CBS Corp.

Compensation for purposes of the Viacom 401(k) plan is limited by federal law to \$210,000 for 2005. This amount is adjusted each year in accordance with the Code. Viacom maintains supplemental 401(k) plans to provide benefits to employees who are participants in the Viacom 401(k) plan and whose annual base salary and commissions exceed the annual compensation limitation. CBS Corp. intends to continue this plan after the separation. Matching contributions made by CBS Corp. to the Viacom 401(k) plan and the supplemental 401(k) plans together will not be made with respect to compensation in excess of \$750,000 for any participant. (For any participant who is also a participant in the New Viacom 401(k) plan and New Viacom supplemental 401(k) plans following the separation, which includes Mr. Redstone, the maximum amount of compensation with respect to which matching contributions will be made is limited to \$375,000.) Amounts deferred under the supplemental 401(k) plans track the investment performance of the funds selected by the participant for amounts contributed to the Viacom 401(k) plan. Information on Viacom's matching contributions to the CBS Corp. named executive officers is contained in footnote (4) to the CBS Corp. Summary Executive Compensation Table beginning on page 203.

The account balances maintained under the Viacom 401(k) plan, together with amounts credited under the Viacom supplemental 401(k) plans, through the date of the separation for the New Viacom named executive officers who participated in the Viacom 401(k) plan and the Viacom supplemental 401(k) plans prior to the separation will be transferred to the New Viacom 401(k) plan and the new supplemental 401(k) plans to be maintained by New Viacom on or as soon as practicable following the separation.

Employment Agreements

On July 1, 2004, Viacom entered into an employment agreement with Mr. Redstone. The agreement provides that Mr. Redstone will continue to serve as Viacom's chairman and chief executive

officer, with all the rights, powers, functions, duties and responsibilities customarily associated with such titles or assigned to him by the Viacom board of directors commensurate with his status as chairman and chief executive officer. Pursuant to the agreement, Mr. Redstone began to receive a salary of \$3.5 million per annum on July 1, 2004 and deferred compensation of \$1 million for the six-month period from July 1, 2004 through December 31, 2004 (based on the annualized rate of \$2 million) that will increase for subsequent calendar years by \$300,000 on each January 1st, commencing January 1, 2005. In addition, he is eligible to receive annual bonus compensation, with a target bonus set at 200% of the sum of his salary and deferred compensation for such year. Mr. Redstone is entitled to be provided with \$5 million of life insurance during his employment with Viacom. Mr. Redstone's employment agreement has no specific term and may be terminated at the will of either party upon notice to the other. Effective as of the date of the separation, Mr. Redstone will serve as the chairman of the CBS Corp. board of directors. The compensation and benefits described above do not reflect the compensation and benefits that Mr. Redstone will receive from CBS Corp. following the separation.

On July 1, 2004, Viacom entered into an agreement with Mr. Moonves with a five-year term. On June 14, 2005, Viacom amended the terms of Mr. Moonves's employment agreement by letter agreement. Effective as of the date of the separation, Mr. Moonves's employment agreement will remain with CBS Corp. and Mr. Moonves will serve as the president and chief executive officer of CBS Corp.

Pursuant to his employment agreement, Mr. Moonves began to receive a salary of \$3 million per annum on July 1, 2004, and deferred compensation at a rate of \$2 million per annum that will increase for subsequent calendar years by \$300,000 on each January 1st, commencing January 1, 2005. In addition, he is eligible to receive annual bonus compensation, with a target bonus set at 200% of the sum of his salary and deferred compensation for such year. He is entitled to be provided with \$8 million of life insurance during the employment term.

Pursuant to their employment agreements, Messrs. Redstone and Moonves each received a grant under the Viacom LTMIP of stock options to purchase 1,500,000 shares of Viacom class B common stock, of which 500,000 vested on December 31, 2004 and the remaining 1,000,000 will vest in four equal annual installments. These stock options have a ten-year term from the date of grant. The exercise price of these stock options was set at the fair market value of Viacom class B common stock on the date of grant. Their agreements provide for Messrs. Redstone and Moonves to receive awards under the Viacom LTMIP of 115,000 RSUs per year during the first quarters of each of 2005, 2006, 2007 and 2008. The RSUs will vest upon certification by the Viacom compensation committee that the one-year performance criteria established by the Viacom compensation committee for the year in which the units were granted has been achieved. The units are payable in shares of Viacom class B common stock. Messrs. Redstone and Moonves can elect to defer payment of the RSUs prior to the year of grant for up to ten years for in-service distributions and for up to three years for post-termination distributions. The employment agreement with Mr. Moonves provides that, in connection with the separation, (i) his outstanding stock options will be adjusted in the same manner as outstanding stock options held by other employees of CBS Corp. and in a manner that the Viacom compensation committee determines in good faith would eliminate any reduction in value, (ii) the number of RSUs to be awarded to Mr. Moonves will be adjusted using a specified formula and (iii) grants of RSUs scheduled to be awarded to Mr. Moonves during the first calendar quarter of 2006 may be rescheduled if the separation has not occurred by that date.

The employment agreement for Mr. Moonves contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees, protecting confidential information and Viacom's ownership of work product, and requiring cooperation in litigation, as well as other covenants, during Mr. Moonves's employment and for specified periods after the termination of employment.

The employment agreement for Mr. Moonves provides that, in the event of the termination of his employment by Viacom without "cause" or his voluntary termination for "good reason" (as these terms are defined in his agreement) during the employment term, Mr. Moonves will be entitled to receive salary, deferred compensation and target bonus compensation and certain benefits and perquisites for the balance of the employment term (or, in the case of COBRA medical and dental coverage, for at least 18 months after the date of termination), subject to mitigation after the first 36 months. Further, in such event, all unvested RSUs will vest and become payable, and all stock options granted on or after July 1, 2004 that are vested on the date of such termination of his employment, or that would have vested and become exercisable by the end of the employment term, will be exercisable for the following period after the date of such termination (but not beyond the expiration date of the stock options): (i) six months, if the termination occurs during the first year of the term, (ii) one year, if the termination occurs during the second year of the term, (iii) two years, if the termination occurs during the third year of the term, and (iv) three years, if the termination occurs during the fourth or fifth year of the term. In addition, the agreement provides that, unless the separation occurs and the agreements are assigned as described above, if Mr. Moonves becomes the sole president and chief operating officer of Viacom because Mr. Freston is promoted to chief executive officer of Viacom, (x) Mr. Moonves can terminate his employment after he has remained in that position for 18 months and receive salary, deferred compensation, target bonus compensation and certain benefits and perquisites for six months after the termination of his employment and (y) all of Mr. Moonves's unvested RSUs will vest and become payable, and all stock options granted on or after July 1, 2004 that are vested on the date of such termination of his employment, or that would have vested and become exercisable by June 30, 2009, will be exercisable for three years after the date of termination (but not beyond the expiration date of the stock options).

On August 15, 2005, Viacom entered into an employment agreement with Mr. Reynolds with a four-year term. The employment agreement provides that Mr. Reynolds will be employed as executive vice president and chief financial officer of the business units of Viacom that will comprise CBS Corp. until the separation, and thereafter as the executive vice president and chief financial officer of CBS Corp., at a salary of \$1.5 million per annum. Beginning on October 1, 2005, Mr. Reynolds will earn deferred compensation at an annual rate of \$250,000 per annum. Mr. Reynolds' annual target bonus is 100% of his salary and deferred compensation. Mr. Reynolds also will be eligible to receive annual grants of long-term compensation for 2006 and subsequent years, as determined by the Viacom compensation committee, based on a target value of \$3.5 million. Mr. Reynolds' employment agreement provides that the vesting of any RSUs awarded as part of his annual grants of long-term compensation will be subject to achievement of a performance goal. His agreement contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees, protecting confidential information and Viacom's ownership of work product and requiring cooperation in litigation, as well as other covenants, during his employment and for specified periods after the termination of employment. In the event of the termination of Mr. Reynolds' employment by Viacom without "cause" or his voluntary termination for "good reason" (as these terms are defined in his employment agreement) during the employment term, he will be entitled to receive two times the sum of his annual salary, annual deferred compensation and target bonus compensation, but not in excess of \$6 million. Further, in such event, stock options that would have vested during the employment term will vest on the date of termination and, together with outstanding stock options that vested prior to the date of termination, will remain exercisable for six months after the date of termination (but not beyond the expiration of such stock options). If Mr. Reynolds or Viacom chooses not to extend the term of his employment when it expires, any stock options and RSUs that have not vested will vest on the date of termination, subject to a non-competition restriction and, in the case of the RSUs, achievement of the applicable performance goal.

Ms. Gordon's employment agreement with Viacom provides that she will be employed as the senior vice president, controller and chief accounting officer of Viacom through February 28, 2007, at a

salary of \$725,000 per annum that will increase to \$775,000 per annum on March 1, 2006. Ms. Gordon's annual target bonus is 50% of her salary. Ms. Gordon also will be eligible to receive annual grants of long term compensation for 2006 and 2007, as determined by the Viacom compensation committee, having a value equivalent to the value of stock options to purchase 75,000 shares of Viacom class B common stock. Ms. Gordon's employment agreement contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees, protecting confidential information and Viacom's ownership of work product and requiring cooperation in litigation, as well as other covenants, during her employment and for specified periods after the termination of employment. In the event of the termination of Ms. Gordon's employment by Viacom without "cause" or her voluntary termination for "good reason" (as these terms are defined in her employment agreement) during the employment term, she will be entitled to receive salary, target bonus compensation and certain benefits and perquisites for the balance of the employment term, subject to mitigation after the first 12 months. Further, in such event, stock options that would have vested during the employment term will vest on the date of termination and, together with outstanding options that vested prior to the date of termination, will remain exercisable for six months after the date of termination (but not beyond the expiration of such stock options).

On September 6, 2005, Viacom entered into an employment agreement with Mr. Briskman with a three-year term. The employment agreement provides that Mr. Briskman will be employed as the executive vice president of Viacom and general counsel of the business units of Viacom that will comprise CBS Corp. until the separation and thereafter as the executive vice president and general counsel of CBS Corp., at a salary of \$1.25 million per annum that is subject to discretionary annual merit increases on September 6, 2006 and September 6, 2007. Mr. Briskman's annual target bonus is 100% of his salary. Mr. Briskman also will be eligible to receive annual grants of long term compensation, as determined by the Viacom compensation committee, based on a target value of \$2 million. Mr. Briskman's first annual grant of long-term compensation will be made in January 2006 in a combination of RSUs and stock options, with at least 30% of the value derived from the grant of RSUs. To compensate Mr. Briskman for long-term cash and equity awards that he forfeited in order to commence employment with Viacom, Mr. Briskman received a grant of 14,908 RSUs that will vest on September 6, 2006, assuming Viacom achieves the applicable performance goal, and he will receive a cash payment of \$500,000 by December 31, 2005. Mr. Briskman's employment agreement contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees, protecting confidential information and Viacom's ownership of work product and requiring cooperation in litigation, as well as other covenants, during his employment and for specified periods after the termination of employment. The employment agreement provides that Mr. Briskman will continue to receive supplemental pension payments pursuant to an agreement dated March 2, 1999, as amended on May 3, 2000, with the former CBS Corporation. For a discussion of his supplemental pension payments, see the section entitled " Retirement Plans" beginning on page 206. In the event of the termination of Mr. Briskman's employment by Viacom without "cause" or his voluntary termination for "good reason" (as these terms are defined in his employment agreement) during the employment term, he will be entitled to receive salary and certain benefits and perquisites for the balance of the employment term and target bonus compensation for the year of termination and, if the termination occurs during 2005 or 2006, target bonus compensation for the following year; salary and bonus compensation payments will be subject to mitigation after the first 12 months. Further, in such event, stock options that would have vested during the employment term will vest on the date of termination and, together with outstanding options that vested prior to the date of termination, will remain exercisable for one year after the date of termination (but not beyond the expiration of such stock options).

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF CBS CORP.

The table below sets forth certain information concerning the beneficial ownership of shares of CBS Corp. class A common stock and CBS Corp. class B common stock following the consummation of the separation by: (i) each person who will serve as a CBS Corp. director; (ii) each person who will serve as a CBS Corp. named executive officer based on compensation from Viacom as of December 31, 2004; (iii) the persons who will serve as the directors and executive officers of CBS Corp. as a group; and (iv) persons who, to Viacom's knowledge, will be holders of 5% or more of shares of CBS Corp. class A common stock. Except as otherwise noted below, the information presented is based on such persons' ownership of Viacom class A common stock and/or Viacom class B common stock as of August 31, 2005, adjusted to give effect to the exchange ratio and assumes the transaction occurred on August 31, 2005. The information below does not reflect (i) ownership of stock options or RSUs if such stock options or RSUs do not become exercisable or vest within 60 days from August 31, 2005 or (ii) holdings of New Viacom common stock by such persons as a result of the separation. Each person will have sole voting and investment power over the shares reported, unless otherwise noted.

As of August 31, 2005, there were 131,486,804 shares of Viacom class A common stock outstanding and 1,441,666,509 shares of Viacom class B common stock outstanding and, after giving effect to the exchange ratio, there would have been, as of such date, 65,743,402 shares of CBS Corp. class A common stock outstanding and 720,833,254 shares of CBS Corp. class B common stock outstanding.

Beneficial Ownership of Equity Securities

Name	Title of Equity Security	Number of Equity Shares(1)	Option Shares(1)	Percentage of Class(1)
David R. Andelman	CBS Corp. class A common stock	2,134(2)		*
	CBS Corp. class B common stock	2,150(2)	20,333	*
Louis J. Briskman	CBS Corp. class A common stock			*
	CBS Corp. class B common stock	13,296(3)(4)	611,144	*
Joseph A. Califano, Jr.	CBS Corp. class A common stock	1,446(2)		*
	CBS Corp. class B common stock	4,397(2)(5)	11,333	*
William S. Cohen	CBS Corp. class A common stock	1,203(2)		*
	CBS Corp. class B common stock	1,214(2)	11,333	*
Philippe P. Dauman	CBS Corp. class A common stock			*
	CBS Corp. class B common stock	2,500	23,333	*
Charles K. Gifford	New CBS class A common stock			*
	New CBS class B common stock			*
Bruce S. Gordon	New CBS class A common stock			*
	New CBS class B common stock		2,745	*
Susan C. Gordon	CBS Corp. class A common stock	377(4)		*
	CBS Corp. class B common stock	999(4)	344,000	*
Leslie Moonves	CBS Corp. class A common stock			*
	CBS Corp. class B common stock	20,843(4)(5)	6,198,609	*
Shari Redstone	CBS Corp. class A common stock	115(2)(6)		*
	CBS Corp. class B common stock	1,616(2)(3)(6)		*
Sumner M. Redstone(10)	CBS Corp. class A common stock	46,829,454(7)		71.2%
	CBS Corp. class B common stock	44,604,763(7)	12,196,000	6.2%

Edgar Filing: VIACOM INC - Form S-4/A

Ann N. Reese	New CBS class A common stock			*
	New CBS class B common stock			*
Judith A. Sprieser	New CBS class A common stock			*
	New CBS class B common stock			*
Fredric G. Reynolds	CBS Corp. class A common stock			*
	CBS Corp. class B common stock	3,423(4)(5)	767,721	*
Robert D. Walter	CBS Corp. class A common stock	2,791(2)		*
	CBS Corp. class B common stock	42,288(2)(8)	34,323	*
NAIRI(11)	CBS Corp. class A common stock	46,829,414(9)		71.2%
NAI(11)	CBS Corp. class B common stock	44,599,491(9)		6.2%
Mario J. Gabelli(12)	CBS Corp. class A common stock	4,721,823(13)		7.2%
Gabelli Asset Management Inc.(12)				
Current directors and executive officers of CBS Corp. as a group, other than Mr. Sumner M. Redstone (21 persons)				
	CBS Corp. class A common stock	8,066		*
	CBS Corp. class B common stock	101,117	9,765,227	*

*

Represents less than 1% of the outstanding common stock of the class.

(1)

Amounts shown under "Number of Equity Shares" have been adjusted to give effect to the exchange ratio. Amounts shown under "Option Shares" do not reflect the adjustments to the number of options that will be made in connection with the separation, and are excluded from the calculation of "Percentage of Class." For a discussion of the adjustments with respect to Viacom equity-based awards in connection with the separation, see the section entitled "The Separation Merger Agreement Treatment of Outstanding Viacom Equity Compensation Awards" beginning on page 53.

(2)

Includes the following CBS Corp. class A common stock units and CBS Corp. class B common stock units credited pursuant to Viacom's deferred compensation plan for outside directors: Andelman, 2,134 shares of CBS Corp. class A common stock and 2,150 shares of CBS Corp. class B common stock; Califano, 1,446 shares of CBS Corp. class A common stock and 1,458 shares of CBS Corp. class B common stock; Cohen, 1,203 shares of CBS Corp. class A common stock and 1,214 shares of CBS Corp. class B common stock; Ms. Redstone, 115 shares of CBS Corp. class A common stock and 116 shares of CBS Corp. class B common stock; Salerno, 7,385 shares of CBS Corp. class A common stock and 7,410 shares of CBS Corp. class B common stock; and Walter, 2,791 shares of CBS Corp. class A common stock and 2,811 shares of CBS Corp. class B common stock.

(3)

Includes (a) for Mr. Briskman, 2,784 shares of CBS Corp. class B common stock held in a family partnership of which Mr. Briskman is general partner, and as to which he disclaims beneficial ownership; and (b) for Ms. Redstone, 1,500 shares of CBS Corp. class B common stock held in trusts for the benefit of Ms. Redstone's children for which she is a co-trustee.

(4)

Includes shares held through the Viacom 401(k) plan.

(5)

The following shares which are included in the security ownership table for the indicated director or executive officer are owned by family members: Califano, 927 shares of CBS Corp. class B common stock, as to which he disclaims beneficial ownership; Moonves, 294 shares of CBS Corp. class B common stock, as to which he disclaims beneficial ownership; and Reynolds, 982 shares of CBS Corp. class B common stock, as to which he disclaims beneficial ownership.

(6)

Ms. Redstone is a stockholder of NAI and has a significant indirect beneficial interest in the CBS Corp. shares owned by NAI.

(7)

Except for 40 shares of CBS Corp. class A common stock and 5,040 shares of CBS Corp. class B common stock owned directly by Mr. Redstone, 132 shares of CBS Corp. class B common stock held by Mr. Redstone through the Viacom 401(k) plan, and 100 shares of CBS Corp. class B common stock held by Mr. Redstone's wife, all shares are owned beneficially by NAI.

Edgar Filing: VIACOM INC - Form S-4/A

(8)

Includes the following securities equivalent to CBS Corp. class B common stock credited pursuant to the former CBS Corporation's deferred compensation plan and advisory director's plan: Walter, 56 CBS Corp. class B common stock equivalents and 1,639 CBS Corp. class B common stock units. Pursuant to the plan, the CBS Corp. class B common stock

Edgar Filing: VIACOM INC - Form S-4/A

equivalents are payable in shares of CBS Corp. class B common stock following termination of service as a director and the CBS Corp. class B common stock units are payable in shares of CBS Corp. class B common stock or cash, or a combination thereof following termination of service as a director.

- (9) Mr. Redstone is the beneficial owner of the controlling interest in NAI and, accordingly, beneficially owns all such shares. NAIRI is a wholly owned subsidiary of NAI.
- (10) The address for Mr. Redstone is c/o Viacom Inc., 1515 Broadway, New York, New York 10036.
- (11) The address for NAI and NAIRI is 200 Elm Street, Dedham, Massachusetts 02026.
- (12) The address for Mario J. Gabelli and Gabelli Asset Management Inc. is One Corporate Center, Rye, New York 10580.
- (13) This information is based on Amendment No. 9 to Schedule 13D filed with the SEC by Gabelli Asset Management Inc. et al. on September 1, 2005 with respect to Viacom class A common stock. The Amendment No. 9 to Schedule 13D reported that Gabelli entities have investment discretion and/or voting power with respect to substantially all of the shares.

Change in Control Transactions

Viacom does not know of any existing arrangements between any persons, the operation of which could result in a change of control of CBS Corp. at any subsequent date.

CBS CORP. RELATED PARTY TRANSACTIONS

On October 28, 2004, Viacom entered into 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 \$8.0 billion stock purchase program announced in October 2004. Viacom recorded the purchase of 11.8 million shares of Viacom class B common stock from NAIRI for approximately \$413.7 million for the nine months ended September 30, 2005 and recorded the purchase of 6.3 million shares of Viacom class B common stock from NAIRI for approximately \$226.6 million in 2004. The purchase price for the shares of Viacom common stock is determined on a monthly basis based on the volume-weighted average trading prices for Viacom class B common stock as reported by Bloomberg for trades permitted under Rule 10b-18 of the Exchange Act on days on which Viacom purchased Viacom common stock in the open market under Viacom's stock purchase program.

In September 2005, Cinemas International Corporation N.V., a joint venture between Viacom and Vivendi Universal, in which joint venture Viacom owns a 50% interest, 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 an arm's length basis, and Viacom believes the terms are no more or less favorable than those that might have been negotiated with an unaffiliated party.

Mr. Redstone and NAI own in the aggregate approximately 14% of the common stock of WMS as of September 8, 2005. A subsidiary of CBS Corp. has licensed to WMS the right to use certain brands for slot machines that WMS produces. WMS paid this subsidiary approximately \$1.0 million in the nine months ended September 30, 2005, \$2.3 million in 2004, \$1.9 million in 2003 and \$2.5 million in 2002 in connection with these agreements. CBS Corp. believes that the terms of the licensing arrangements were no more or less favorable to its subsidiary than it would have obtained from unrelated parties. CBS Corp. may continue to enter into licensing agreements with WMS in the future.

Various divisions of CBS Corp. also engage in transactions with NAI (e.g., movie ticket purchases and various promotional activities) from time to time, none of which CBS Corp. believes will be material, either individually or in the aggregate.

NAI and AMC Entertainment, Inc., which also operates movie theater chains, entered into a joint venture agreement on February 29, 2000 with Hollywood Media Corp. (formerly Hollywood.com) to form MovieTickets.com. NAI owns approximately 27% of MovieTickets.com. Shari Redstone, who will serve as vice chair of the CBS Corp. board of directors, is president and a director of NAI and is co-chairman and co-chief operating officer of MovieTickets.com. Viacom acquired a 5% interest in MovieTickets.com in exchange for \$25 million of advertising during the five-year period beginning August 2000, and currently owns a 4.1% interest in MovieTickets.com. This contract expired on July 31, 2005. Viacom divisions provided \$4.2 million of this advertising time in the nine months ended September 30, 2005, \$3.6 million in 2004, \$5.3 million in 2003 and \$3.6 million in 2002.

Philippe P. Dauman, a director of CBS Corp. and NAI, was formerly deputy chairman and executive vice president of Viacom. Pursuant to an agreement entered into with Viacom in 1999, Mr. Dauman resigned shortly before Viacom's merger with the former CBS Corporation. As part of the agreement, Viacom provided Mr. Dauman with an office in Manhattan and a secretary until December 31, 2003. Mr. Dauman received \$391,000 in 2003 and \$377,000 in 2002, in connection with these expenses. Mr. Dauman also continued to participate in all savings, retirement, welfare and fringe benefit plans of Viacom, or received the cash equivalent of these benefits with an income tax gross-up, through December 31, 2003.

Julie Chen, the wife of Mr. Moonves, is an anchor on CBS Networks's *The Early Show* and the host of the CBS Network show *Big Brother*. Ms. Chen's compensation is comparable to talent in similar positions at the CBS Network, and Viacom believes it is comparable to entertainment talent in such positions generally.

Kim Korff, the daughter of Ms. Redstone, began working as a sales planner in the CBS Corp. broadcast group in September 2004. Her compensation did not exceed \$60,000 annually. Ms. Korff resigned from this position in July 2005.

In November 1995, Viacom entered into an agreement with GAMCO pursuant to which GAMCO manages certain assets in the Viacom pension plan. Viacom paid GAMCO approximately \$262,000 in the nine months ended September 30, 2005, \$324,000 in 2004, \$287,000 in 2003 and \$385,000 in 2002 for such investment management services. Viacom believes that the terms of the agreement with GAMCO are no more or less favorable to Viacom than it could have obtained from a company that did not have an investment in Viacom. The fiduciaries of the Viacom pension plan will determine if GAMCO will be retained to manage any of the assets of that plan after the separation. According to an amendment to its Schedule 13D filed on September 1, 2005 with the SEC by entities that are affiliated with GAMCO, such entities own 9,443,647 shares of Viacom class A common stock, or approximately 7.18% of the outstanding shares of that class. As a result of the separation, such entities will own a proportional amount of CBS Corp. class A common stock.

For information regarding certain agreements that are or will be in place between CBS Corp. and New Viacom after the separation, see the section entitled "Arrangements Between New Viacom and CBS Corp. After the Separation" beginning on page 232.

Disinterested members of the Viacom board of directors or an appropriate board committee review certain related party transactions to ensure they are in the best interests of Viacom. For example, Viacom's entry into the NAIRI agreement was reviewed by the Viacom audit committee. Viacom and CBS Corp. intend to continue this practice.

POSSIBLE OFFER TO EXCHANGE STOCK OPTIONS FOR RSUs

The Viacom board of directors, upon the recommendation of the future management of CBS Corp. and of the Viacom compensation committee, has indicated its support for a plan under which CBS Corp. would offer its employees following the separation the opportunity, at each option holder's

election, to exchange eligible employee stock options for RSUs of CBS Corp. The voluntary exchange offer would, on a discounted-from-fair-value basis, exchange eligible unvested and vested stock options for fewer RSUs while also adding vesting requirements. In the case of individuals who will be executive officers of CBS Corp., these vesting requirements may be based on the attainment of pre-established performance goals. Employees who accept the exchange offer would be required to exchange all of their eligible stock options. The exchange offer would be intended to accomplish a number of important objectives, including the fundamental objective of retaining employees through the transition to separate companies, providing incentives that align employees' interests with those of stockholders and providing an incentive based on total stockholder return, rather than solely upon price appreciation, a factor particularly important for CBS Corp. employees. By reintroducing vesting restrictions where today the vast majority of options are fully vested, CBS Corp. will significantly improve the retentive effect of its long-term incentives to ensure the continuity of its management personnel. In addition, CBS Corp. expects that, upon completion, the exchange offer would reduce the overhang and potential dilution associated with CBS Corp.'s long-term incentives.

While the Viacom board of directors supports the proposed exchange offer, it believes that the final decision whether to proceed with the offer and the specific timing and final terms of the offer should be determined following the separation by the CBS Corp. board of directors upon the recommendation of the CBS Corp. compensation committee.

Viacom's controlling stockholder, NAI, which will also be the controlling stockholder of CBS Corp. after the separation, has indicated its support for the exchange offer (subject to determination of the definitive terms and conditions thereof) and declared its intention to vote for certain amendments to CBS Corp.'s 2004 Long-Term Management Incentive Plan that will be required in order to implement the exchange offer.

CBS CORP. MARKET PRICE INFORMATION AND DIVIDEND POLICY

Market Price Information

Prior to the separation, there has been no public market for CBS Corp. class A common stock or CBS Corp. class B common stock. Following the separation, CBS Corp. class A common stock and CBS Corp. class B common stock will be listed, subject to official notice of issuance, on the New York Stock Exchange under the symbols "CBS.A" and "CBS," respectively.

Dividend Policy

CBS Corp. currently anticipates paying a regular cash dividend on CBS Corp. common stock to its stockholders that initially will be no less than the aggregate annual payment of approximately \$450 million under Viacom's existing dividend program. The declaration and payment of dividends to holders of CBS Corp. common stock will be at the discretion of the CBS Corp. board of directors and will depend upon many factors, including its financial condition, earnings, legal requirements and such other factors as the CBS Corp. board of directors deems relevant.

DESCRIPTION OF CBS CORP. CAPITAL STOCK

General

On the effective date, the Viacom certificate of incorporation will be amended and restated and will become the CBS Corp. certificate of incorporation. The following is a description of the principal terms of CBS Corp.'s capital stock after the separation. The following description is not meant to be complete and is qualified by reference to the CBS Corp. certificate of incorporation and bylaws and the DGCL. Copies of the CBS Corp. certificate of incorporation and bylaws are incorporated by reference herein. For more information on how you can obtain copies of these documents, see the section

entitled "Other Information Where You Can Find More Information" beginning on page 235. You are urged to read the CBS Corp. certificate of incorporation and bylaws in their entirety.

CBS Corp.'s authorized capital stock will consist of 5.4 billion shares of capital stock, of which:

375 million shares will be designated as class A common stock, par value \$0.001 per share;

5 billion shares will be designated as class B common stock, par value \$0.001 per share; and

25 million shares will be designated as preferred stock, par value \$0.001 per share.

Each of the CBS Corp. class A common stock and CBS Corp. class B common stock will constitute a class of common stock under the DGCL.

None of the 25 million authorized shares of preferred stock will be issued and outstanding after the consummation of the merger.

Common Stock

All issued and outstanding shares of CBS Corp. class A common stock and CBS Corp. class B common stock will be identical and the holders of such shares will be entitled to the same rights and privileges, except as provided in the CBS Corp. certificate of incorporation as described below.

Voting Rights. Holders of CBS Corp. class A common stock will be entitled to one vote per share with respect to all matters on which the holders of CBS Corp. common stock will be entitled to vote and the affirmative vote of a majority of the outstanding shares of class A common stock, voting separately as a class, will be necessary to approve any merger or consolidation of CBS Corp. pursuant to which shares of CBS Corp. common stock are converted into or exchanged for any other securities or consideration.

Holders of CBS Corp. class B common stock will not have any voting rights, except as required by Delaware law.

Generally, all matters to be voted on by the stockholders of CBS Corp. must be approved by a majority of the aggregate voting power of the shares of capital stock of CBS Corp. present in person or represented by proxy, except as required by Delaware law.

Dividends. Holders of CBS Corp. class A common stock and CBS Corp. class B common stock will share ratably in any cash dividend declared by the CBS Corp. board of directors, subject to any preferential rights of any outstanding preferred stock. If the CBS Corp. board of directors declares a dividend of any securities of CBS Corp. or another entity, the board of directors will determine whether the holders of CBS Corp. class A common stock and CBS Corp. 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 CBS Corp. class A common stock and CBS Corp. class B common stock.

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

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

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

Preemptive Rights. Shares of CBS Corp. class A common stock and CBS Corp. class B common stock will not entitle a holder to any preemptive rights enabling a holder to subscribe for or receive shares of stock of any class or any other securities convertible into shares of stock of any class of CBS Corp. The CBS Corp. board of directors will possess the power to issue shares of authorized but unissued CBS Corp. class A common stock and CBS Corp. class B common stock without further stockholder action, subject to the requirements of applicable law and stock exchanges. The number of authorized shares of CBS Corp. class A common stock and CBS Corp. class B common stock could be increased with the approval of the holders of a majority of the outstanding shares of CBS Corp. class A common stock and without any action by the holders of shares of CBS Corp. class B common stock.

Other Rights. The CBS Corp. certificate of incorporation will provide that CBS Corp. 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.

The outstanding shares of CBS Corp. common stock will be, on the effective date, validly issued, fully paid and nonassessable.

Preferred Stock

The CBS Corp. board of directors will be empowered, without the approval of the stockholders of CBS Corp., to cause shares of preferred stock to be issued from time to time in one or more series, with the numbers of shares of each series and the designations, preferences and relative, participating, optional, dividend and other special rights of the shares of each such series and the qualifications, limitations, restrictions, conditions and other characteristics thereof as fixed by the CBS Corp. board of directors. Among the specific matters that may be determined by the CBS Corp. board of directors are the following:

the designation of each series;

the number of shares of each series;

the rate of dividends, if any;

whether dividends, if any, shall be cumulative or noncumulative;

the terms of redemption, if any;

the rights of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of CBS Corp.;

the rights and terms of conversion or exchange, if any;

whether the preferred shares will be subject to the operation of sinking funds; and

the voting rights, if any.

The CBS Corp. board of directors may, without stockholder approval, issue preferred stock with voting and other rights that could have an adverse impact on the rights of the holders of CBS Corp. class A common stock and CBS Corp. class B common stock, including, without

limitation, their voting power. However, the CBS Corp. board of directors may not issue any preferred stock, or preferred stock that is convertible into or exchangeable for other securities, that, in the aggregate with all other outstanding shares of preferred stock, could elect a majority of the board of directors, unless such issuance has been approved by the holders of a majority of the outstanding shares of CBS Corp.

class A common stock, voting separately as a class. There are no present plans to issue any shares of preferred stock. The ability of the CBS Corp. board of directors to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change in control of CBS Corp. or the removal of the existing management.

Corporate Opportunities

The CBS Corp. certificate of incorporation will contain provisions related to certain corporate opportunities that may be of interest to both CBS Corp. and New Viacom. These provisions provide that in the event that a director, officer or controlling stockholder of CBS Corp. who is also a director, officer or controlling stockholder of New Viacom acquires knowledge of a potential corporate transaction or matter that may be a corporate opportunity for both New Viacom and CBS Corp.:

CBS Corp. will renounce any interest in or expectancy with respect to such corporate opportunity if such director, officer or controlling stockholder (A) presents such opportunity to New Viacom or (B) does not communicate information regarding such opportunity to CBS Corp. because that person has directed the opportunity to New Viacom; and

such director, officer or controlling stockholder may present such corporate opportunity to either CBS Corp. or New Viacom or to both, as such director, officer or controlling stockholder deems appropriate under the circumstances in such person's sole discretion, and by doing so such director, officer or controlling stockholder (A) will have fully satisfied and fulfilled such person's fiduciary duty to CBS Corp. and its stockholders with respect to such corporate opportunity, (B) will not be liable to CBS Corp. or its stockholders for breach of any fiduciary duty, or for failure to act in (or not opposed to) the best interests of CBS Corp., or for the derivation of any improper personal benefit if New Viacom pursues or acquires such corporate opportunity for itself or directs such corporate opportunity to another person or does not communicate information regarding such corporate opportunity to CBS Corp., and (C) will 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 CBS Corp. and its stockholders.

In addition, the CBS Corp. certificate of incorporation will provide that, except as otherwise agreed to in writing by New Viacom and CBS Corp.:

neither New Viacom nor CBS Corp. will have any duty to refrain from engaging, directly or indirectly, in the same or similar activities or lines of business as the other company, doing business with any potential or actual customer or supplier of the other company, or employing or engaging or soliciting for employment any officer or employee of the other company; and

no officer or director of New Viacom or CBS Corp. will be liable to the other company or to the other company's stockholders for breach of any fiduciary duty by reason of any such activities of New Viacom or CBS Corp., as applicable.

Limitation on Liability of Directors

The CBS Corp. certificate of incorporation will provide that its directors will not be personally liable to CBS Corp. or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware law, but such directors will nonetheless be liable:

for any breach of the director's duty of loyalty to CBS Corp. or its stockholders;

for any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;

for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL;
or

for any transaction from which the director derived an improper personal benefit.

The inclusion of these provisions in the CBS Corp. certificate of incorporation may have the effect of reducing the likelihood of stockholder litigation against its directors and may discourage or deter CBS Corp. or its stockholders from bringing a lawsuit against the directors of CBS Corp. for breach of their duty of care, even though such an action, if successful, might otherwise have benefited CBS Corp. and its stockholders.

Anti-Takeover Provisions of the CBS Corp. Certificate of Incorporation and Bylaws

Some of the provisions of the CBS Corp. certificate of incorporation and bylaws could have the following effects, among others:

delaying, deferring or preventing a change in control of CBS Corp.;

delaying, deferring or preventing the removal of the existing management or directors of CBS Corp.;

detering potential acquirors from making an offer to the stockholders of CBS Corp.; and

limiting CBS Corp.'s stockholders' opportunity to realize premiums over prevailing market prices of CBS Corp. common stock in connection with offers by potential acquirors.

The following is a summary of those provisions of the CBS Corp. certificate of incorporation and bylaws that could have the effects described above.

Directors, and Not Stockholders, Fix the Size of the CBS Corp. Board of Directors. The CBS Corp. certificate of incorporation and bylaws will provide that the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the CBS Corp. board of directors, but in no event shall it consist of less than three nor more than 20 directors.

Board Vacancies to Be Filled by Remaining Directors and Not Stockholders. The CBS Corp. certificate of incorporation and bylaws will provide that any vacancies on its board of directors will be filled by the affirmative vote of the majority of the remaining directors then in office, even if such directors constitute less than a quorum, or by a sole remaining director.

Section 203 of the Delaware General Corporation Law

CBS Corp., a Delaware corporation, will be subject to Section 203 of the DGCL. Generally, Section 203 of the DGCL prohibits a publicly held Delaware company from engaging in a business combination (as described below) with an interested stockholder (as described below) for a period of three years after the time such stockholder became an interested stockholder unless certain specified conditions are satisfied. The prohibitions set forth in Section 203 of the DGCL do not apply if:

prior to the time the stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding specified shares; or

at or subsequent to the time the stockholder became an interested stockholder, the business combination is approved by the board of directors and authorized at an annual or special meeting, and not by written consent, by the affirmative vote of at least 66²/₃% of the outstanding voting stock that is not owned by the interested stockholder.

Edgar Filing: VIACOM INC - Form S-4/A

Under Section 203 of the DGCL, a "business combination" includes:

any merger or consolidation of the corporation with the interested stockholder;

any sale, lease, exchange or other disposition, except proportionately as a stockholder of such corporation, to or with the interested stockholder of assets of the corporation having an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the corporation or the aggregate market value of all the outstanding stock of the corporation;

transactions resulting in the issuance or transfer by the corporation of stock of the corporation to the interested stockholder;

transactions involving the corporation, which have the effect of increasing the proportionate share of the corporation's stock of any class or series that is owned by the interested stockholder; or

transactions in which the interested stockholder receives financial benefits provided by the corporation.

Under Section 203 of the DGCL, an "interested stockholder" generally is:

any person that owns 15% or more of the voting power of the outstanding stock of the corporation;

any person that is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether or not such person is an interested stockholder; and

the affiliates or associates of either of the preceding two categories.

For a variety of reasons, including the length of time that NAI has beneficially owned 15% of Viacom's voting stock, the restrictions on business combinations contained in Section 203 of the DGCL will not be applicable to business combinations between CBS Corp. and NAI even though NAI will beneficially own more than 15% of the voting power of CBS Corp.'s outstanding stock. If any other person acquires 15% or more of the voting power of CBS Corp.'s outstanding voting stock, such person will be subject to the restrictions contained in Section 203 of the DGCL unless the prohibitions set forth in Section 203 of the DGCL do not apply for one of the reasons described above.

Under some circumstances, Section 203 of the DGCL will make it more difficult for an interested stockholder to effect various business combinations with CBS Corp. for a three-year period, although the stockholders of CBS Corp. may cause the prohibitions of Section 203 of the DGCL not to apply as described above.

In addition, Section 203 of the DGCL makes a takeover of a company more difficult and may have the effect of diminishing the possibility of certain types of two-step acquisitions or other unsolicited attempts to acquire a company. This may further have the effect of preventing changes in the board of directors of a company, and it is possible that such provisions could make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

Action by Written Consent

Under the DGCL, unless a company's certificate of incorporation expressly prohibits action by the written consent of stockholders, any action required or permitted to be taken by its stockholders at a duly called annual or special meeting may be taken by a consent in writing executed by stockholders possessing the requisite votes for the action to be taken. The current Viacom certificate of

incorporation does not expressly prohibit action by the written consent of stockholders. The CBS Corp. certificate of incorporation that will be in effect following the separation will also not expressly prohibit action by the written consent of stockholders. As a result, NAIRI, a wholly owned subsidiary of NAI, who as of the effective date will control a majority of the total outstanding voting power of CBS Corp., will be able to take any action to be taken by stockholders without the necessity of holding a stockholders' meeting (other than with respect to certain matters as to which a separate class vote of the holders of shares of CBS Corp. common stock will be required).

DESCRIPTION OF CBS CORP. FINANCING ARRANGEMENTS

Viacom (to be renamed CBS Corporation) has received financing commitments, subject to the satisfaction of customary conditions, for a five-year revolving credit facility that will provide for CBS Corp.'s ongoing borrowing and liquidity needs. The revolving credit facility will replace Viacom's existing \$3.0 billion revolving credit facility no later than year-end 2005 and will also replace Viacom's other existing credit facilities at the time of New Viacom's initial borrowing under its bridge term facility.

**CBS CORP. UNAUDITED PRO FORMA CONSOLIDATED
CONDENSED FINANCIAL INFORMATION**

On June 14, 2005, the Viacom board of directors unanimously approved the separation of Viacom into two publicly traded companies consisting of the businesses of New Viacom and CBS Corp., subject to market conditions and the approval by the Viacom board of directors of the material terms of the separation and certain other matters. New Viacom will be named "Viacom Inc." On November 21, 2005, the Viacom board of directors determined that the merger and the separation are in the best interests of Viacom's stockholders and, accordingly, approved the merger agreement and the separation. On the same day, Viacom, New Viacom and Merger Sub executed the merger agreement and NAIRI, a wholly owned subsidiary of Viacom's controlling stockholder, NAI, executed a written consent adopting the merger agreement. On the effective date of the separation, each outstanding share of Viacom class A common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock. Similarly, each outstanding share of Viacom class B common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock.

The following unaudited pro forma consolidated condensed balance sheet of CBS Corp. as of September 30, 2005 is presented as if the separation and related events, as described in the notes to CBS Corp. unaudited pro forma consolidated condensed financial statements, had occurred at September 30, 2005. The unaudited pro forma consolidated condensed statements of operations for the nine months ended September 30, 2005 and the year ended December 31, 2004 are presented as if the separation had occurred on January 1, 2004. Due to Viacom's (to be named CBS Corporation) intention to account for New Viacom as a discontinued operation following the separation, the unaudited pro forma consolidated condensed statements of operations for the years ended December 31, 2003 and 2002 are also presented herein.

The unaudited pro forma consolidated condensed financial statements are based upon New Viacom's historical carve-out financial statements for each of the periods presented. In the opinion of Viacom management, all adjustments and/or disclosures necessary for a fair statement of the pro forma data have been made. These unaudited pro forma consolidated condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or financial position that would have been achieved had the separation been consummated as of the dates indicated or of the results that may be obtained in the future. These unaudited pro forma consolidated condensed financial statements and the notes thereto should be read together with:

New Viacom's audited carve-out combined financial statements and the notes thereto as of and for the period ended December 31, 2004, and the section entitled "Description of New Viacom After the Separation Management's Discussion and Analysis of New Viacom's Results of Operations and Financial Condition" beginning on page 86.

New Viacom's unaudited interim carve-out financial statements and the notes thereto as of and for the nine months ended September 30, 2005, and the section entitled "Description of New Viacom After the Separation Management's Discussion and Analysis of New Viacom's Results of Operations and Financial Condition" beginning on page 86.

Viacom's consolidated financial statements and the notes thereto as of and for the year ended December 31, 2004, and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" included in Viacom's Annual Report on Form 10-K for the year ended December 31, 2004.

Viacom's consolidated financial statements and the notes thereto as of and for the nine months ended September 30, 2005, and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" included in Viacom's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2005.

Viacom's consolidated financial statements and the notes thereto as of and for the year ended December 31, 2004, and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" included in the Form 8-K filed with the SEC on November 21, 2005.

CBS CORP.
UNAUDITED PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET
AT SEPTEMBER 30, 2005
(in millions)

	Viacom Inc. Historical	Less: New Viacom Historical Carve-out	Pro Forma Adjustments	CBS Corp. Pro Forma
ASSETS				
Cash and cash equivalents	\$ 810.8	\$ 99.2	\$	\$ 711.6
Receivables	3,908.4	1,612.6	287.6 ⁽³⁾	2,583.4
Inventory	952.9	386.8	3.8 ⁽³⁾	569.9
Other current assets	1,321.0	285.5		1,035.5
Total current assets	6,993.1	2,384.1	291.4	4,900.4
Property and equipment, net	4,309.2	1,104.5		3,204.7
Inventory	4,773.7	3,009.2	(2.8) ⁽³⁾	1,761.7
Goodwill	38,437.3	10,372.8		28,064.5
Intangibles	10,719.3	307.5		10,411.8
Other assets	2,082.1	1,202.4	331.2 ⁽³⁾	1,210.9
Total assets	\$ 67,314.7	\$ 18,380.5	\$ 619.8	\$ 49,554.0
LIABILITIES AND STOCKHOLDERS' EQUITY				
Accounts payable and other current liabilities	\$ 6,540.2	\$ 2,566.9	\$ 305.8 ⁽³⁾	\$ 4,279.1
Current portion of long-term debt	63.6	49.6		14.0
Total current liabilities	6,603.8	2,616.5	305.8	4,293.1
Long-term debt	10,635.2	279.2	(3,370.0) ⁽²⁾	6,986.0
Other liabilities	9,188.8	2,206.8	316.8 ⁽³⁾	7,298.8
Other liabilities of discontinued operations	527.6			527.6
Minority interest	4.5	3.1		1.4
Stockholders' Equity:				
Class A Common stock	1.3		(1.2) ^(1b)	.1
Class B Common stock	17.5		(16.5) ^(1b)	.7
			(.3) ^(1c)	
Additional paid-in capital	65,924.9		(13,290.1) ^(1a)	43,874.6
			1.2 ^(1b)	
			16.5 ^(1b)	
			3,370.0 ⁽²⁾	
			(12,147.9) ^(1c)	
Retained deficit	(12,700.0)		(2.8) ⁽³⁾	(12,702.8)
Invested capital		13,290.1	13,290.1 ^(1a)	
Accumulated other comprehensive loss	(398.2)	(15.2)		(383.0)
	52,845.5	13,274.9	(8,781.0)	30,789.6
Less treasury stock, at cost	12,490.7		(12,148.2) ^(1c)	342.5

Edgar Filing: VIACOM INC - Form S-4/A

Total stockholders' equity	40,354.8	13,274.9	3,367.2	30,447.1
Total liabilities and stockholders' equity	\$ 67,314.7	\$ 18,380.5	\$ 619.8	\$ 49,554.0

The accompanying notes are an integral part of this
unaudited pro forma consolidated condensed balance sheet.

CBS CORP.
UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2005
(in millions, except per share amounts)

	Viacom Inc. Historical	Less: New Viacom Historical Carve-out	Pro Forma Adjustments	CBS Corp. Pro Forma
Revenues	\$ 17,321.5	\$ 6,885.9	\$ 272.7 ⁽³⁾	\$ 10,708.3
Operating expenses	9,406.0	3,342.3	258.7 ⁽³⁾	6,322.4
Selling, general and administrative expenses	3,386.9	1,404.3	16.8 ⁽³⁾	1,999.4
Depreciation and amortization	552.7	185.5		367.2
Operating income	3,975.9	1,953.8	(2.8)	2,019.3
Interest expense, net	(523.0)	(10.1)	106.4 ⁽²⁾	(406.5)
Other items, net	12.9	(19.1)		32.0
Earnings from continuing operations before income taxes, equity in earnings of affiliated companies and minority interest	3,465.8	1,924.6	103.6	1,644.8
Provision for income taxes	(1,388.8)	(754.4)	(41.0) ⁽⁴⁾	(675.4)
Equity in earnings of affiliated companies, net of tax	20.8	7.5		13.3
Minority interest, net of tax	(3.6)	(3.3)		(3)
Net earnings from continuing operations	\$ 2,094.2	\$ 1,174.4	\$ 62.6	\$ 982.4
Net earnings from continuing operations per common share:				
Basic	\$ 1.31			\$ 1.23
Diluted	\$ 1.30			\$ 1.22
Weighted average number of common shares outstanding:				
Basic	1,598.3		(799.2) ⁽¹⁾	799.1
Diluted	1,607.2		(803.6) ⁽¹⁾	803.6

The accompanying notes are an integral part of this
unaudited pro forma consolidated condensed statement of operations.

CBS CORP.
UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2004
(in millions, except per share amounts)

	Viacom Inc. Historical	Less: New Viacom Historical Carve-out	Pro Forma Adjustments	CBS Corp. Pro Forma
Revenues	\$ 22,143.9	\$ 8,132.2	\$ 535.6 ⁽³⁾	\$ 14,547.3
Operating expenses	12,212.0	3,988.3	419.9 ⁽³⁾	8,643.6
Selling, general and administrative expenses	4,132.2	1,609.5	29.8 ⁽³⁾	2,552.5
Impairment charge	17,997.1			17,997.1
Depreciation and amortization	760.2	251.6		508.6
Operating income (loss)	(12,957.6)	2,282.8	85.9	(15,154.5)
Interest expense, net	(693.1)	(20.9)	141.9 ⁽²⁾	(530.3)
Other items, net	7.4	(17.7)		25.1
Earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	(13,643.3)	2,244.2	227.8	(15,659.7)
Provision for income taxes	(1,382.8)	(808.2)	(90.9) ⁽⁴⁾	(665.5)
Equity in earnings (loss) of affiliated companies, net of tax	(20.8)	(40.0)		19.2
Minority interest, net of tax	(3.7)	(3.1)		(.6)
Net earnings (loss) from continuing operations	\$ (15,050.6)	\$ 1,392.9	\$ 136.9	\$ (16,306.6)
Net earnings (loss) from continuing operations per common share:				
Basic	\$ (8.78)			\$ (19.02)
Diluted	\$ (8.78)			\$ (19.02)
Weighted average number of common shares outstanding:				
Basic	1,714.4		(857.2) ⁽¹⁾	857.2
Diluted	1,714.4		(857.2) ⁽¹⁾	857.2

The accompanying notes are an integral part of this
unaudited pro forma consolidated condensed statement of operations.

CBS CORP.
UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2003
(in millions, except per share amounts)

	Viacom Inc. Historical	Less: New Viacom Historical Carve-out	Pro Forma Adjustments	CBS Corp. Pro Forma
Revenues	\$ 20,450.9	\$ 7,304.4	\$ 408.0 ⁽³⁾	\$ 13,554.5
Operating expenses	11,555.6	3,729.5	339.3 ⁽³⁾	8,165.4
Selling, general and administrative expenses	3,726.3	1,375.2	25.0 ⁽³⁾	2,376.1
Depreciation and amortization	699.6	197.9		501.7
Operating income	4,469.4	2,001.8	43.7	2,511.3
Interest expense, net	(727.9)	(21.0)		(706.9)
Other items, net	(3.2)	(24.6)		21.4
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	3,738.3	1,956.2	43.7	1,825.8
Provision for income taxes	(1,496.5)	(787.6)	(17.6) ⁽⁴⁾	(726.5)
Equity in earnings (loss) of affiliated companies, net of tax	.1	(18.2)		18.3
Minority interest, net of tax	(3.7)	(3.0)		(.7)
Net earnings from continuing operations	\$ 2,238.2	\$ 1,147.4	\$ 26.1	\$ 1,116.9
Net earnings from continuing operations per common share:				
Basic	\$ 1.28			\$.64
Diluted	\$ 1.27			\$.63
Weighted average number of common shares outstanding:				
Basic	1,744.0			1,744.0
Diluted	1,760.7			1,760.7

The accompanying notes are an integral part of this
unaudited pro forma consolidated condensed statement of operations.

CBS CORP.
UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2002
(in millions, except per share amounts)

	Viacom Inc. Historical	Less: New Viacom Historical Carve-out	Pro Forma Adjustments	CBS Corp. Pro Forma
Revenues	\$ 18,849.6	\$ 6,050.7	\$ 364.5 ⁽³⁾	\$ 13,163.4
Operating expenses	10,442.7	2,957.2	292.0 ⁽³⁾	7,777.5
Selling, general and administrative expenses	3,487.6	1,161.2	.1 ⁽³⁾	2,326.5
Depreciation and amortization	675.5	194.7		480.8
Operating income	4,243.8	1,737.6	72.4	2,578.6
Interest expense, net	(783.0)	(36.6)		(746.4)
Other items, net	(32.5)	(29.3)		(3.2)
Earnings from continuing operations before income taxes, equity in loss of affiliated companies and minority interest	3,428.3	1,671.7	72.4	1,829.0
Provision for income taxes	(1,349.5)	(644.7)	(29.3) ⁽⁴⁾	(734.1)
Equity in loss of affiliated companies, net of tax	(37.3)	(30.9)		(6.4)
Minority interest, net of tax	(2.7)	(2.2)		(.5)
Net earnings from continuing operations	\$ 2,038.8	\$ 993.9	\$ 43.1	\$ 1,088.0
Net earnings from continuing operations per common share:				
Basic	\$ 1.16			\$.62
Diluted	\$ 1.15			\$.61
Weighted average number of common shares outstanding:				
Basic	1,752.8			1,752.8
Diluted	1,774.8			1,774.8

The accompanying notes are an integral part of this
unaudited pro forma consolidated condensed statement of operations.

**NOTES TO CBS CORP. UNAUDITED PRO FORMA
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**

(tables in millions, except share and per share amounts)

(1) Conversion of Common stock

For the purposes of the accompanying unaudited pro forma consolidated condensed financial statements, the separation of Viacom Inc. into New Viacom and CBS Corp. was accounted for as a spin-off of New Viacom. Following the separation, New Viacom will be accounted for as a discontinued operation by CBS Corp. Assets and liabilities of New Viacom were accounted for at the historical book values carried by Viacom. No gain or loss will be recognized as a result of the separation.

On the effective date, each outstanding share of Viacom class A common stock will convert into 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock; each outstanding share of Viacom class B common stock will convert into 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock.

Any treasury stock held by Viacom or by any of its subsidiaries immediately prior to the separation will be automatically canceled and Viacom will not exchange those shares for any shares of New Viacom common stock or CBS Corp. common stock, with the exception of a limited number of shares held for benefit plans.

Adjustments to the unaudited pro forma consolidated condensed balance sheet at September 30, 2005 reflect:

- (a) Spin-off of New Viacom at historical book value.
- (b) Conversion of Viacom class A and class B common stock, par value \$0.01, to CBS Corp. class A and class B common stock, par value \$0.001.
- (c) Cancellation of treasury shares.

The unaudited pro forma consolidated condensed statements of operations reflect the following conversion of weighted average common stock outstanding:

For the Nine Months Ended September 30, 2005	Basic	Diluted
Viacom weighted average shares outstanding	1,598.3	1,607.2
Conversion ratio	0.5	0.5
Pro forma CBS weighted average shares outstanding	799.2	803.6
<hr/>		
For the Year Ended December 31, 2004	Basic	Diluted
Viacom weighted average shares outstanding	1,714.4	1,714.4
Conversion ratio	0.5	0.5
Pro forma CBS weighted average shares outstanding	857.2	857.2

(2) Capitalization

Edgar Filing: VIACOM INC - Form S-4/A

Shortly prior to the separation, New Viacom will pay a special cash dividend to Viacom (to be renamed CBS Corporation) in an amount sufficient to establish CBS Corp.'s opening debt balance from continuing operations at \$7.0 billion, subject to certain adjustments. New Viacom has received \$6.0 billion in financing commitments, subject to the satisfaction of customary conditions, for a bridge term facility that will be used to fund the special cash dividend and for general corporate purposes.

Edgar Filing: VIACOM INC - Form S-4/A

Based on Viacom's historical debt balance at September 30, 2005, the unaudited pro forma consolidated condensed financial statements reflect a special cash dividend of \$3.4 billion. After taking into account acquisitions and dispositions of assets, operating cash flow and share repurchases, among other things, Viacom's debt balance is expected to be significantly higher at the time of the separation than at September 30, 2005, and, as a result, the special cash dividend is expected to be significantly higher than \$3.4 billion. Based on Viacom's debt level as of November 21, 2005, the special cash dividend would approximate \$4.8 billion.

The following table presents Viacom's historical outstanding debt balance and the calculation of pro forma special cash dividend at September 30, 2005:

Viacom Debt Balance at September 30, 2005:	
Current portion of long-term debt, including capital lease obligations	\$ 63.6
Long-term debt, including capital lease obligations	10,635.2
Discontinued operations debt, including capital lease obligations	153.2
Viacom total debt outstanding	10,852.0
Less:	
Capital lease obligations allocated to New Viacom	328.8
Discontinued operations debt retained by CBS Corp.	153.2
Pro forma CBS Corp. opening debt balance	7,000.0
Pro forma special cash dividend at September 30, 2005	\$ 3,370.0

The special cash dividend is expected to be funded by New Viacom's committed financing arrangements with a combination of fixed and floating rate debt with an assumed average life of 12.3 years and an average interest rate, based on current market conditions, of 5.35%. CBS Corp. intends to use the proceeds from the special cash dividend to repay a portion of its outstanding debt with an average interest rate of 4.21%, based on Viacom's short-term borrowing rate as of January 1, 2004, resulting in interest savings of \$106.4 million for the nine months ended September 30, 2005 and \$141.9 million for the year ended December 31, 2004. These amounts are reflected as adjustments to "Interest expense, net" in the unaudited pro forma consolidated condensed statements of operations. The estimate of interest savings is presented as if the special cash dividend occurred on January 1, 2004.

(3) Other Pro Forma Adjustments

Adjustments to accounts receivable, inventory, other assets, accounts payable and other liabilities on the unaudited pro forma consolidated condensed balance sheet, and adjustments to revenues and expenses on the unaudited pro forma consolidated condensed statements of operations primarily reflect the reversal of previously eliminated transactions between CBS Corp. and New Viacom.

(4) Provision for Income Tax

Adjustments to income tax expense on the unaudited pro forma consolidated condensed statements of operations are calculated at a blended statutory tax rate of 39.6% for the nine months

ended September 30, 2005, 39.9% for the year ended December 31, 2004, 40.3% for the year ended December 31, 2003 and 40.5% for the year ended December 31, 2002.

(5) Items not included in the Unaudited Pro Forma Consolidated Condensed Financial Statements

(a) The carve-out historical statements of operations include allocations of Viacom corporate expenses and Paramount Pictures corporate overhead, including accounting, treasury, tax, legal, human resources, information systems and other related party transactions with Viacom. Subsequent to the separation, these expenses may be significantly different.

(b) Transaction expenses related to the separation will be allocated between New Viacom and CBS Corp. These expenses have not been included as a pro forma adjustment in the consolidated condensed financial statements.

(c) All outstanding options to purchase shares of Viacom class B common stock and RSUs of Viacom class B common stock held by current employees and directors of CBS Corp. will be converted into options to purchase CBS Corp. class B common stock and RSUs of CBS Corp. class B common stock, respectively. The conversion will be effected by formulas designed to preserve the intrinsic value of each option and the value of each RSU immediately prior to the separation.

(d) The Viacom board of directors has indicated its support for a plan under which CBS Corp. would offer its employees following the separation the opportunity, at each option holder's election, to exchange eligible employee stock options for RSUs of CBS Corp. The voluntary exchange offer would, on a discounted-from-fair-value basis, exchange eligible unvested and vested stock options for fewer RSUs while also adding vesting requirements.

(e) The fair value of certain indemnifications that may be granted by CBS Corp. to New Viacom upon the separation are not included in the unaudited pro forma consolidated condensed financial statements.

(f) On November 3, 2005, Viacom announced that CBS Corp. is acquiring CSTV Networks, Inc. for approximately \$325 million. The acquisition is expected to close in January 2006, after receipt of certain government approvals, and after the proposed separation of Viacom. At that time, consideration for the transaction will be principally in CBS Corp. class B common stock.

ARRANGEMENTS BETWEEN NEW VIACOM AND CBS CORP. AFTER THE SEPARATION

MATERIAL AGREEMENTS RELATING TO THE SEPARATION

Separation Agreement

The following description of the principal provisions of the separation agreement between Viacom and New Viacom is qualified by reference to the text of the separation agreement, a form of which is attached as Annex B to this Prospectus-Information Statement. You are encouraged to read the separation agreement in its entirety for a more complete description of the terms of the separation.

Overview. The separation agreement will contain the key provisions required to effect the separation of Viacom into New Viacom and CBS Corp. The separation agreement will identify assets to be transferred, liabilities to be assumed and contracts to be assigned to New Viacom by CBS Corp. and to CBS Corp. by New Viacom in the separation, and will describe when and how these transfers, assumptions and assignments will occur. Neither CBS Corp. nor New Viacom will make any representations or warranties with respect to any aspect of their respective assets, liabilities or businesses. The separation agreement will also set forth certain agreements between New Viacom and CBS Corp. with respect to the period following the separation date. Viacom and New Viacom intend to execute the separation agreement immediately before the effective date.

Transfer of Assets and Assumption of Liabilities. The separation agreement will provide that, subject to the terms and conditions contained in the separation agreement:

All of the assets primarily related to the New Viacom business (as described in this Prospectus-Information Statement), as well as certain other specific assets, will be retained by or transferred to New Viacom or one of its subsidiaries;

All of the assets of Viacom not retained by or transferred to New Viacom will be assets of CBS Corp. or one of its subsidiaries;

Liabilities will be allocated to and assumed by New Viacom to the extent they are related to the New Viacom business, as well as certain other specified liabilities;

Liabilities of Viacom not retained by or transferred to New Viacom will be liabilities of CBS Corp.;

Specified liabilities related to businesses of Viacom that were sold or discontinued prior to the date of the separation will be assumed by New Viacom or will remain with CBS Corp. For example, liabilities related to Blockbuster, Famous Players and UCI will be assumed by New Viacom and liabilities related to Westinghouse and Gulf & Western will remain with CBS Corp.;

The assets and liabilities of certain employee benefit plans will be transferred as described below under the caption " Employee Matters";

Each company will assume 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 Viacom, New Viacom or CBS Corp. and (iii) except to the extent otherwise allocated to New Viacom or CBS Corp., arising from, relating to or involving a general corporate matter of 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;

Other liabilities will be allocated to either New Viacom or CBS Corp. as set forth in the separation agreement; and

Shortly prior to the separation, New Viacom will pay a special cash dividend to Viacom (to be renamed CBS Corporation) in an amount sufficient to establish CBS Corp.'s opening debt balance from continuing operations at \$7 billion, subject to certain adjustments. New Viacom has received \$6.0 billion in financing commitments, subject to the satisfaction of customary conditions, for a bridge term facility that will be used to fund the special cash dividend and for general corporate purposes. Based on Viacom's historical debt balance at September 30, 2005, the unaudited pro forma combined condensed financial statements included in this Prospectus-Information Statement reflect a special cash dividend of \$3.4 billion. After taking into account acquisitions and dispositions of assets, operating cash flow and share repurchases, among other things, Viacom's debt balance is expected to be significantly higher at the time of the separation than at September 30, 2005, and, as a result, the special cash dividend is expected to be significantly higher than \$3.4 billion. Based on Viacom's debt level as of November 21, 2005, the special cash dividend would approximate \$4.8 billion.

Information in this Prospectus-Information Statement with respect to the assets and liabilities of New Viacom and CBS Corp. following the separation is presented based on the allocation of such assets and liabilities as set forth in the separation agreement, unless the context otherwise requires. Certain of the liabilities and obligations to be assumed by New Viacom or CBS Corp. or for which New Viacom or CBS Corp. will have an indemnification obligation under the separation agreement and the other agreements relating to the separation are, and following the separation may continue to be, the legal or contractual liabilities or obligations of the other company. For example, either company may continue to be a party to a real property lease that will be assumed by the other company. Similarly, certain income tax liabilities for which one company will agree to bear financial responsibility will continue to be the legal responsibility of the other company or its subsidiaries. Each company will rely on the other company to satisfy its performance and payment obligations with respect to these and other liabilities and obligations assumed by the other company, as well as the indemnification obligations of the other company.

Expenses. Transaction expenses will be allocated between the companies as specified in the separation agreement.

Indemnification Obligations. Pursuant to the separation agreement, each company will indemnify 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, CBS Corp. and New Viacom will assume 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 either New Viacom or CBS Corp. 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. New Viacom and CBS Corp. will agree to cooperate in defending any claims against both of New Viacom and CBS Corp. for events that took place prior to, on or after the date of the separation.

Employee Matters. The separation agreement will allocate 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 will provide that, following the separation, CBS Corp.

will be responsible for all employment and benefit-related obligations and liabilities of current employees who will work for CBS Corp. immediately following the separation, former Viacom employees who most recently worked for businesses and operations that will be part of CBS Corp. immediately following the separation, former Viacom employees who most recently worked for certain businesses and operations that were sold or discontinued prior to the separation, and certain other former employees of Viacom and the former CBS Corporation as set forth in the separation agreement (and, in each case, their dependents and beneficiaries). In general, the separation agreement will provide that, following the separation, New Viacom will be responsible for all employment and benefit-related obligations and liabilities related to current employees who will work for New Viacom immediately following the separation, former Viacom employees who most recently worked for other businesses and operations that will be part of New Viacom immediately following the separation, 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 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 Viacom who most recently worked for the Viacom corporate office or the Paramount Pictures corporate office (other than those who accepted a post-separation position with CBS Corp. or New Viacom) and certain Viacom corporate office employees who will remain employed by CBS Corp. and provide transition services following the separation will be shared equally by New Viacom and CBS Corp. In general, New Viacom and CBS Corp. will share the liability for severance benefits owed to Viacom employees whose employment is terminated in anticipation of the separation.

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

Limitations on Certain Acquisitions. Subject to limited exceptions, the separation agreement will provide that none of New Viacom, any subsidiary of New Viacom or any person that is controlled by New 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 Corp., any subsidiary of CBS Corp. or any entity controlled by CBS Corp. after the date of the separation to be in violation of U.S. federal laws limiting the ownership or control of radio broadcast stations, television broadcast stations, television broadcast networks or (ii) limit in any manner at any time under such laws CBS Corp.'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 Corp. and New Viacom that are attributable under applicable U.S. federal laws.

The separation agreement will also provide that neither New Viacom, any subsidiary of New Viacom or any person controlled by New Viacom nor CBS Corp., any subsidiary of CBS Corp. or any person controlled by CBS Corp. 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 New Viacom, any subsidiary of New Viacom or any person controlled by New Viacom nor CBS Corp., or subsidiary of CBS Corp. or any person controlled by CBS Corp. 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 Corp. and New 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 will provide 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.

Other Matters Governed by the Separation Agreement. Other matters governed by the separation agreement include access to financial and other information, provision of records and insurance matters.

Tax Matters Agreement

The following description of the principal provisions of the tax matters agreement is qualified by reference to the text of the tax matters agreement, a form of which is attached as Annex C to this Prospectus-Information Statement and is incorporated into this Prospectus-Information Statement by reference. You are encouraged to read the tax matters agreement in its entirety for a more complete description of these matters.

The tax matters agreement will set forth the responsibilities of New Viacom and CBS Corp. 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. New Viacom and CBS Corp. will generally each be responsible for federal, state and local, and foreign income taxes for periods before the merger relating to their respective businesses. Income tax liabilities relating to discontinued operations and previously disposed businesses will be 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. New Viacom and CBS Corp. will generally be jointly responsible for managing any dispute relating to income taxes for which both parties may be responsible. The tax matters agreement will also provide that, depending on the event, New Viacom may have to indemnify CBS Corp., or CBS Corp. may have to indemnify New Viacom, for some or all of the taxes resulting from the transactions related to the merger and the distribution of New Viacom common stock if the merger and distribution do not qualify as tax-free under Sections 355 and 368 of the Code.

Transition Services Agreement

New Viacom and CBS Corp. will enter into a transition services agreement pursuant to which New Viacom and CBS Corp. will provide certain specified services to each other on an interim basis following the effective date, 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 two years.

DESCRIPTION OF MATERIAL AGREEMENTS RELATING TO ONGOING RELATIONSHIPS

The operating businesses that constituted Viacom prior to the separation currently, and for the foreseeable future, will continue to work together pursuant to a variety of commercial relationships. In addition to the agreements described above, in connection with the separation, New Viacom and its subsidiaries on the one hand and CBS Corp. and its subsidiaries on the other hand will enter into various commercial agreements with each other. Viacom believes that all such agreements have been negotiated on an arm's length basis between the applicable counterparties. In addition, Viacom believes that such agreements, whether taken individually or in the aggregate, do not constitute material contracts to either New Viacom or CBS Corp. Below is a brief description of certain of such agreements.

Programming, Retransmission and Affiliation Agreements

Certain subsidiaries of New Viacom will provide or distribute products via arrangements with CBS Corp. or its subsidiaries, and vice versa. Such arrangements include the following:

New Viacom and its subsidiaries on the one hand and CBS Corp. and its subsidiaries on the other hand are parties to numerous programming agreements and arrangements pursuant to which each provides programming from or sells programming to the other.

CBS Broadcasting provides retransmission rights that MTV Networks uses in connection with MTV Networks and BET affiliation deals with certain multi-system operators and satellite distributors.

Paramount Pictures will continue to license feature films to Showtime Networks that have been theatrically released through December 2007.

Paramount Pictures will continue to distribute CBS Paramount Television product in the home entertainment market worldwide for two years.

Leases and Services Agreements

New Viacom or its subsidiaries will provide CBS Corp. or its subsidiaries with various services, and vice versa. Such arrangements include the following:

Paramount Pictures and CBS Corp. will enter into a lease effective on the date of the separation pursuant to which Paramount Pictures will lease space and facilities on the Paramount Pictures studio lot to CBS Corp.

New Viacom and its subsidiaries on the one hand and CBS Corp. and its subsidiaries on the other hand will enter into various subleases pursuant to which each primary tenant provides office and other space to the other, including subleases from New Viacom to CBS Corp. for office space at 1515 Broadway, New York, New York and 1633 Broadway, New York, New York.

License Agreements

New Viacom or its subsidiaries will license intellectual property rights to CBS Corp. or its subsidiaries, and vice versa. Such arrangements include the following:

Paramount Pictures and CBS Corp., effective as of the date of the separation, will allocate between them rights to a number of properties currently owned by Paramount Pictures which have been used in both the television and theatrical motion picture media. With respect to these cross-over properties, each company which controls the rights to the property will

Edgar Filing: VIACOM INC - Form S-4/A

license to the other exclusive development in the other company's medium (television with respect to CBS Corp. and theatrical motion pictures with respect to Paramount Pictures), subject to consent not

Edgar Filing: VIACOM INC - Form S-4/A

to be unreasonably withheld. Each company will have direct-to-video rights for the properties it controls.

Paramount Pictures and CBS Corp. will enter into a license effective on the date of the separation pursuant to which Paramount Pictures will license use of Paramount and related trademarks to CBS Corp. for CBS Corp.'s use with respect to television product until June 30, 2009. Beginning on July 1, 2006, CBS Corp. will use the Paramount name and related trademarks only in connection with the CBS name and related trademarks.

MTV Networks, Paramount Consumer Products and Paramount Parks will enter into a license effective on the date of the separation pursuant to which the Paramount Parks division of CBS Corp. will continue to use Nickelodeon and related trademarks and certain entertainment properties owned by MTV Networks for four years and continue to use Paramount and related trademarks, and certain entertainment properties owned or controlled by Paramount Pictures for ten years.

New Viacom and CBS Corp. will enter into a license effective on the date of the separation pursuant to which the CBS Corp.'s outdoor business may continue to use the Viacom and Viacom Outdoor trademarks in its business for up to six years.

OTHER INFORMATION

LEGAL MATTERS

Legal matters with respect to the validity of the securities to be offered hereby will be passed upon for New Viacom and Viacom by Michael D. Fricklas, executive vice president, general counsel and secretary of each of New Viacom and Viacom.

Certain legal matters with respect to the U.S. federal income tax consequences of the transactions will be passed upon for Viacom by Paul, Weiss, Rifkind, Wharton & Garrison LLP.

EXPERTS

The combined financial statements of New Viacom as of December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004 and the consolidated financial statements, related financial statement schedule, and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Viacom incorporated in this Prospectus-Information Statement by reference to Viacom's Current Report on Form 8-K filed on November 21, 2005 have been so included and incorporated by reference, respectively, in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

Viacom (to be renamed CBS Corporation at the time of the separation) files, and New Viacom will file, annual, quarterly and special reports, proxy and information statements and other information with the SEC. You may read and copy this information at the SEC's Public Reference Room, located at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also obtain copies of this information by mail from the SEC at the above address, at prescribed rates.

The SEC also maintains a website that contains reports, proxy and information statements and other information that Viacom and New Viacom file electronically with the SEC. The address of that website is <http://www.sec.gov>.

Shares of Viacom class A common stock and Viacom class B common stock are listed on the New York Stock Exchange. Shares of New Viacom class A common stock and New Viacom class B common stock and shares of CBS Corp. class A common stock and CBS Corp. class B common stock have been approved for listing, subject to official notice of issuance, on the New York Stock Exchange. You may also inspect reports, proxy statements and other information about Viacom at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Viacom and New Viacom have filed a Registration Statement on Form S-4 under the Securities Act, of which this Prospectus-Information Statement forms a part, to register with the SEC the shares of New Viacom class A common stock and New Viacom class B common stock and CBS Corp. class A common stock and CBS Corp. class B common stock to be issued in the merger to Viacom stockholders. This Prospectus-Information Statement constitutes Viacom's information statement, in addition to being a prospectus of Viacom and New Viacom. This Prospectus-Information Statement does not contain all the information set forth in the Registration Statement or the exhibits to the Registration Statement, selected portions of which are omitted in accordance with the rules and regulations of the SEC. For further information pertaining to Viacom, New Viacom or New Viacom class A common stock and New Viacom class B common stock, CBS Corp. or CBS Corp. class A common stock and CBS Corp. class B common stock, reference is made to the Registration Statement and its exhibits. Statements contained in this Prospectus-Information Statement or in any document

incorporated herein by reference as to the contents of any contract or other document referred to within this Prospectus-Information Statement or other documents that are incorporated herein by reference are not necessarily complete and, in each instance, reference is made to the copy of the applicable contract or other document filed as an exhibit to the Registration Statement or otherwise filed with the SEC. Each statement contained in this Prospectus-Information Statement is qualified in its entirety by reference to the underlying documents.

The SEC allows certain information to be "incorporated by reference" into this Prospectus-Information Statement, which means that Viacom can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this Prospectus-Information Statement, except for any information superseded by information contained directly in this Prospectus-Information Statement. This Prospectus-Information Statement incorporates by reference the documents set forth below that Viacom previously filed with the SEC, as well as any documents that Viacom or New Viacom files with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus-Information Statement and before the date of the consummation of the separation. These documents contain important information about Viacom, its businesses and its financial condition.

Viacom's SEC filings incorporated by reference as of the date of this Prospectus-Information Statement are:

Viacom's Annual Report on Form 10-K for the year ended December 31, 2004;

Viacom's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005;

Viacom's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005;

Viacom's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2005;

Viacom's Definitive Proxy Statement filed on April 15, 2005; and

Viacom's Current Reports on Form 8-K filed on January 21, 2005, January 27, 2005, January 28, 2005, February 1, 2005 (Item 1.01), February 1, 2005 (Item 5.02), February 11, 2005, March 14, 2005, March 15, 2005, April 15, 2005, May 3, 2005, May 18, 2005, May 31, 2005, June 16, 2005, June 17, 2005, July 26, 2005, October 18, 2005 and November 21, 2005, respectively.

**NEW VIACOM CORP.
INDEX TO COMBINED FINANCIAL STATEMENTS**

Unaudited Interim Combined Financial Statements:

Combined Statements of Operations	Nine Months Ended September 30, 2005 and 2004	F-2
Combined Balance Sheets	at September 30, 2005 and December 31, 2004	F-3
Combined Statements of Cash Flows	Nine Months Ended September 30, 2005 and 2004	F-4
Notes to Combined Financial Statements		F-5

Audited Combined Financial Statements:

Report of Independent Registered Public Accounting Firm		F-18
Combined Statements of Operations	Years Ended December 31, 2004, 2003 and 2002	F-19
Combined Balance Sheets	at December 31, 2004 and 2003	F-20
Combined Statements of Cash Flows	Years Ended December 31, 2004, 2003 and 2002	F-21
Combined Statements of Invested Equity and Comprehensive Income (Loss)	Years Ended December 31, 2004, 2003 and 2002	F-22
Notes to Combined Financial Statements		F-23

NEW VIACOM CORP.
INTERIM COMBINED STATEMENTS OF OPERATIONS
(Unaudited; in millions)

	Nine Months Ended September 30,	
	2005	2004
Revenues	\$ 6,885.9	\$ 5,628.4
Expenses:		
Operating	3,342.3	2,604.0
Selling, general and administrative	1,404.3	1,188.2
Depreciation and amortization	185.5	178.9
Total expenses	4,932.1	3,971.1
Operating income	1,953.8	1,657.3
Interest expense	(15.0)	(13.7)
Interest income	4.9	2.4
Other items, net	(19.1)	(4.8)
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	1,924.6	1,641.2
Provision for income taxes	(754.4)	(599.1)
Equity in earnings (loss) of affiliated companies, net of tax	7.5	(52.7)
Minority interest, net of tax	(3.3)	(2.0)
Net earnings from continuing operations	1,174.4	987.4
Discontinued operations (Note 3):		
Loss from discontinued operations, net of minority interest	(99.6)	(1,130.6)
Income taxes, net of minority interest	52.7	43.7
Net loss from discontinued operations	(46.9)	(1,086.9)
Net earnings (loss)	\$ 1,127.5	\$ (99.5)

See notes to interim combined financial statements.

NEW VIACOM CORP.
INTERIM COMBINED BALANCE SHEETS
(Unaudited; in millions)

	At September 30, 2005	At December 31, 2004
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 99.2	\$ 148.9
Receivables, less allowances of \$139.9 (2005) and \$124.1 (2004)	1,612.6	1,828.8
Inventory	386.8	396.6
Deferred tax assets, net	13.5	13.5
Prepaid expenses	130.4	99.7
Other current assets	141.6	124.2
Current assets of discontinued operations		14.6
Total current assets	2,384.1	2,626.3
Property and Equipment:		
Land	239.4	239.5
Buildings	195.5	220.8
Capital leases	483.4	498.7
Equipment and other	1,388.5	1,303.0
	2,306.8	2,262.0
Less accumulated depreciation and amortization	1,202.3	1,157.1
Net property and equipment	1,104.5	1,104.9
Inventory	3,009.2	2,740.4
Goodwill	10,372.8	10,266.9
Intangibles	307.5	250.2
Deferred tax assets, net	560.8	435.1
Other assets	641.6	691.3
Other assets of discontinued operations		325.7
Total Assets	\$ 18,380.5	\$ 18,440.8
LIABILITIES AND INVESTED EQUITY		
Current Liabilities:		
Accounts payable	\$ 214.3	\$ 196.2
Accrued expenses	678.9	656.6
Accrued compensation	216.7	296.9
Participants' share, residuals and royalties payable	593.0	626.4
Program rights	339.5	295.4
Deferred income	278.0	272.6
Current portion of capital leases	49.6	53.4
Other current liabilities	215.4	325.2
Current liabilities of discontinued operations	31.1	62.9
Total current liabilities	2,616.5	2,785.6
Long-term capital leases	279.2	291.7
Participants' share, residuals and royalties payable	462.7	405.1
Program rights	487.5	530.8
Other liabilities	1,256.6	904.5
Other liabilities of discontinued operations		46.5
Commitments and contingencies (Note 8)		

Edgar Filing: VIACOM INC - Form S-4/A

Minority interest	3.1	11.3
Minority interest of discontinued operations		.1
Invested Equity:		
Invested capital	13,290.1	13,465.2
Accumulated other comprehensive loss	(15.2)	
Total Invested Equity	13,274.9	13,465.2
Total Liabilities and Invested Equity	\$ 18,380.5	\$ 18,440.8

See notes to interim combined financial statements.

F-3

NEW VIACOM CORP.
INTERIM COMBINED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Nine Months Ended September 30,	
	2005	2004
Operating Activities:		
Net earnings (loss)	\$ 1,127.5	\$ (99.5)
Less: Net loss from discontinued operations	(46.9)	(1,086.9)
Net earnings from continuing operations	1,174.4	987.4
Adjustments to reconcile net earnings from continuing operations to net cash flow provided by operating activities:		
Depreciation and amortization	185.5	178.9
Equity in (earnings) loss of affiliated companies, net of tax	(7.5)	52.7
Distributions from affiliated companies	23.1	5.9
Minority interest, net of tax	3.3	2.0
Change in operating assets and liabilities, net of effects of acquisitions	(75.2)	200.4
Net cash flow provided by (used for) operating activities attributable to discontinued operations	(19.6)	203.8
Net cash flow provided by operating activities	1,284.0	1,631.1
Investing Activities:		
Acquisitions, net of cash acquired	(216.6)	(317.6)
Capital expenditures	(127.2)	(90.3)
Investments in and advances to affiliated companies	(6.6)	(8.6)
Proceeds from dispositions	392.1	6.2
Special distribution received from Blockbuster		738.1
Other, net	4.9	10.0
Net cash flow used for investing activities attributable to discontinued operations	(5.7)	(191.3)
Net cash flow provided by investing activities	40.9	146.5
Financing Activities:		
Net contribution to Viacom Inc.	(1,332.4)	(1,666.6)
Payment of capital lease obligations	(36.7)	(35.1)
Other, net	(6.4)	(5.2)
Net cash flow used for financing activities attributable to discontinued operations	(.2)	(71.4)
Net cash flow used for financing activities	(1,375.7)	(1,778.3)
Net decrease in cash and cash equivalents	(50.8)	(.7)
Cash and cash equivalents at beginning of period (includes \$1.1 million (2005) and \$234.8 million (2004) of discontinued operations cash)	150.0	293.1
Cash and cash equivalents at end of period (includes \$191.8 million (2004) of discontinued operations cash)	\$ 99.2	\$ 292.4
Supplemental disclosure of investing and financing activities		
Equipment acquired under capitalized leases	\$ 41.8	\$ 52.2
Supplemental disclosure of acquisitions:		

Edgar Filing: VIACOM INC - Form S-4/A

Fair value of assets acquired	\$	216.2	\$	475.9
Fair value of liabilities assumed		(3.5)		(151.7)
Acquisition of minority interest		3.9		(6.6)
Cash paid, net of cash acquired		(216.6)		(317.6)

Impact on invested equity	\$		\$	
----------------------------------	----	--	----	--

See notes to interim combined financial statements.

F-4

**NEW VIACOM CORP.
NOTES TO INTERIM COMBINED FINANCIAL STATEMENTS**

(Tabular dollars in millions)

1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Separation On June 14, 2005, the Viacom Inc. ("Viacom") board of directors unanimously approved the separation of Viacom into two publicly traded companies consisting of the businesses of New Viacom Corp. ("New Viacom") and CBS Corp., subject to market conditions and the approval by the Viacom board of directors of the material terms of the separation and certain other matters. New Viacom Corp. will retain the Viacom Inc. name and will include the following businesses: MTV Networks including, MTV Music Television, MTV2, VH1, Nickelodeon, Nick At Nite, Comedy Central, CMT: Country Music Television, Spike TV, TV Land, MTV Overdrive, Neopets and many other cable networks, websites and related businesses around the world, BET, Paramount Pictures, Paramount Home Entertainment and Famous Music. After the separation, CBS Corp. will include the following businesses: the CBS and UPN television networks, the CBS television stations group, Infinity Broadcasting, Viacom Outdoor, the CBS, Paramount and King World television production and syndication operations, as well as Showtime Networks, Simon & Schuster and Paramount Parks. For purposes of these combined financial statements, the references to Viacom are to Viacom Inc. and its consolidated subsidiaries unless the context otherwise requires.

On November 21, 2005, the Viacom board of directors determined that the merger and the separation are in the best interests of Viacom's stockholders and, accordingly, approved the merger agreement and the separation. On the same day, Viacom, New Viacom and Merger Sub executed the merger agreement and NAIRL, a wholly owned subsidiary of Viacom's controlling stockholder, NAI, executed a written consent adopting the merger agreement.

On the effective date, each outstanding share of Viacom class A common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock. Similarly, each outstanding share of Viacom class B common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock.

New Viacom and CBS Corp. will enter into agreements to effect the separation and govern certain of the ongoing relationships between them after the separation. These agreements will include, among others, a separation agreement, a transition services agreement and a tax matters agreement. New Viacom and CBS Corp. will continue to be under common control of National Amusements, Inc. ("NAI") which will hold a majority of the class A common stock of both companies. (See Note 2).

Basis of Presentation The accompanying combined financial statements of New Viacom are presented on a carve-out basis and reflect the combined historical results of operations, financial position and cash flows of New Viacom, a worldwide entertainment company with operations in two segments: (i) Cable Networks and (ii) Entertainment. New Viacom also reflects results from the discontinued operations of Blockbuster Inc. ("Blockbuster") and Famous Players Inc. (See Note 3).

The historical financial statements include allocations of Viacom corporate expenses and Paramount Pictures corporate overhead including accounting, treasury, tax, legal, human resources, information systems and other related party transactions with Viacom. Viacom debt has not been allocated to the combined financial statements. Management believes the assumptions underlying the combined financial statements are reasonable. However, the combined financial statements included herein may not necessarily reflect New 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 had New Viacom been a stand-alone company during the periods presented. Because a direct ownership

relationship did not exist among all the various worldwide entities comprising New Viacom, Viacom's net investment in New Viacom is shown as Invested Equity in lieu of stockholders' equity in the combined financial statements. Transactions between New Viacom and Viacom and New Viacom and CBS Corp. have been identified as transactions between related parties. (See Note 2).

Principles of Combination The combined financial statements include the accounts of New Viacom and investments of more than 50% in subsidiaries and other entities. Investments in affiliated companies over which New Viacom has a significant influence or ownership of more than 20% but less than or equal to 50% are accounted for under the equity method. Investments of 20% or less over which New Viacom has no significant influence are accounted for under the cost method. All significant intercompany transactions within New Viacom have been eliminated. All significant transactions between New Viacom and Viacom and New Viacom and CBS Corp. are included in these combined financial statements.

New Viacom 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 New Viacom's combined financial statements.

Use of Estimates The preparation of New Viacom's combined financial statements in conformity with accounting principles generally accepted 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, in testing for impairment of long-lived assets, for certain other reserves and accruals and with respect to the methodologies and calculations used to allocate corporate expenses, certain tax accruals and certain shared services at Paramount Pictures. New Viacom 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.

Comprehensive Income (Loss) Total comprehensive income (loss) for New Viacom includes net earnings (loss) and other comprehensive income (loss) items listed in the table below.

Nine Months Ended September 30,

	2005	2004
Net earnings (loss)	\$ 1,127.5	\$ (99.5)
Other comprehensive income (loss), net of tax:		
Cumulative translation adjustments	(32.0)	(1.4)
Minimum pension liability adjustment	9.8	1.9
Net unrealized gain on securities	.3	.2
Change in fair value of cash flow hedges	(2.6)	.3
Other comprehensive income from discontinued operations	9.3	2.0
Total comprehensive income (loss)	\$ 1,112.3	\$ (96.5)

Edgar Filing: VIACOM INC - Form S-4/A

Stock-Based Compensation New Viacom follows the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). New Viacom applies APB Opinion No. 25 "Accounting for Stock Issued to Employees" ("APB 25") and does not recognize compensation expense for stock option grants because New Viacom does not issue options at exercise prices below market value at date of grant. Employees of New Viacom were granted options to purchase shares of Viacom class B common stock under the Viacom Inc. Long-term Management Incentive Plans.

On March 8, 2005, the Compensation Committee of the board of directors of Viacom approved the acceleration of the vesting of unvested stock options having an exercise price of \$38.00 or greater granted under Viacom's 2000 and 1997 Long-Term Management Incentive Plans. Stock option awards granted to employees of New Viacom from 1999 through 2004 with respect to approximately 12 million shares of Viacom's class B common stock were subject to this acceleration which was effective as of March 8, 2005. Since these options had exercise prices in excess of the current market values and were not fully achieving their original objectives of incentive compensation and employee retention, Viacom expected the acceleration to have a positive effect on employee morale, retention and perception of option value. The acceleration also eliminated future compensation expense New Viacom would otherwise recognize in its Combined Statements 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 first quarter 2005 pro forma disclosure.

The following table reflects the effect on net earnings from continuing operations if New Viacom had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation. These pro forma effects may not be representative of future 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.

Nine Months Ended September 30,	2005	2004
Net earnings from continuing operations	\$ 1,174.4	\$ 987.4
Option expense, net of tax	(135.1)	(91.8)
Net earnings from continuing operations after option expense	\$ 1,039.3	\$ 895.6

If New Viacom had applied the fair value recognition provision of SFAS 123, expenses of \$.6 million and \$15.5 million would have been recognized in discontinued operations for the nine months ended September 30, 2005 and 2004, respectively.

2) RELATED PARTY TRANSACTIONS

NAI is the controlling stockholder of New Viacom. Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, currently serves as chairman of the Viacom board of directors and the chief executive officer of Viacom. Following the separation, Mr. Redstone will serve as the chairman of the board of directors for both New Viacom and CBS Corp.

Corporate Allocations and Cash Funding

Prior to the separation, the businesses of New Viacom were held directly or indirectly by Viacom. New Viacom enters into transactions with Viacom for, among other things, the daily transfer of cash collections, allocations of corporate charges and daily cash funding to be used in operations as necessary, and the payments of taxes on New Viacom's income. For purposes of these financial statements the net amount due to Viacom or due from Viacom at the end of each period presented has been classified as equity and is included in New Viacom's invested capital.

The combined financial statements of New Viacom include allocations of Viacom corporate expenses and Paramount Pictures corporate overhead including accounting, treasury, tax, legal, human resources, information systems and other services, to reflect the utilization of such shared services and fixed assets by New Viacom. These allocations were made using specific identification of costs, assets and liabilities and other relative percentages where specific identification was not available. Total corporate costs allocated to New Viacom were approximately \$119.0 million and \$100.8 million for the nine months ended September 30, 2005 and 2004, respectively, and were primarily included in selling, general and administrative expenses in the accompanying combined statements of operations. In the opinion of management, the allocation methodology is reasonable. New Viacom's corporate expenses as a stand-alone company may be different from those reflected in the combined statements of operations. Following the completion of the separation, New Viacom will perform these functions using its own resources or purchased services.

Relationship between New Viacom and Viacom

In connection with the separation, New Viacom and Viacom (to be renamed CBS Corporation) are expected to enter into a separation agreement that will identify assets to be transferred, liabilities to be assumed and obligations of each company following the separation, and that will include indemnification obligations for such liabilities. In addition, New Viacom and CBS Corp. will enter into a transition services and a tax matters agreement.

New Viacom, through its normal course of business, is involved in transactions with companies owned by or affiliated with CBS Corp. New Viacom, through Paramount Pictures, licenses its motion picture products to CBS Corp. Paramount Pictures also distributes certain television products for a fee on behalf of CBS Corp.'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 Corp. In addition, New Viacom is also involved in transactions with Simon & Schuster and Paramount Parks. New Viacom's total revenues from these transactions were \$136.1 million and \$140.0 million for the nine months ended September 30, 2005 and 2004, respectively.

New Viacom, through MTV Networks and BET, purchases television programming from CBS Corp. The cost of these purchases are initially recorded as program rights inventory and amortized over the life of the contract or projected useful life of the programming. In addition, New Viacom places advertisements with various subsidiaries of CBS Corp. The total related party purchases were \$136.6 million and \$341.0 million for the nine months ended September 30, 2005 and 2004, respectively.

Transactions with CBS Corp. and its subsidiaries, through the normal course of business, are settled in cash. The following table presents the amounts due from or due to CBS Corp. and its subsidiaries as reflected in New Viacom's combined balance sheets:

	At September 30, 2005	At December 31, 2004
Amounts Due From CBS Corp.		
Receivables	\$ 64.1	\$ 66.8
Other assets	80.5	88.4
Amounts Due to CBS Corp.		
Accounts payable	\$ 20.7	\$ 13.2
Participants' share, residuals and royalties payable	9.1	9.8
Program rights, current	191.5	177.3
Other liabilities	253.0	353.4

Relationship between New 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, a division of New Viacom. During the nine months ended September 30, 2005 and 2004, NAI made payments to Paramount Pictures in the aggregate amounts of approximately \$11.2 million and \$5.5 million, respectively.

NAI and Mr. Redstone owned in the aggregate approximately 89% of the common stock of Midway as of November 2, 2005. Midway places advertisements on several of New Viacom's cable networks from time to time. During the nine months ended September 30, 2005 and 2004, transactions with Midway totaled approximately \$2.8 million and \$3.2 million, respectively. In addition, Paramount Pictures, MTV Films and Midway have announced agreements pursuant to which Paramount Pictures and MTV Films will acquire the film rights to certain Midway video games. No amounts were paid with respect to these agreements during the nine months ended September 30, 2005 and 2004. In June 2005, MTV Networks and Midway entered into marketing and licensing arrangements with respect to certain Midway game titles. Under the arrangements, MTV Networks will provide certain licenses to Midway and has the option to provide marketing support for the game titles. If the option is exercised, Midway has committed to purchasing advertising time from MTV Networks, paying MTV Networks a royalty on sales of the game titles, and allowing MTV Networks to sell certain advertisements within the games. No amounts were paid in respect of these arrangements in the nine months ended September 30, 2005. New Viacom believes that the volume and terms of these transactions were no more or less favorable to the respective New Viacom subsidiaries than they would have obtained from unrelated parties. New Viacom may continue to enter into similar business transactions with Midway in the future.

3) DISCONTINUED OPERATIONS

On July 22, 2005, Viacom sold Famous Players, its Canadian-based theater chain, to Cineplex Galaxy L.P. for approximately \$400 million. Famous Players has been presented as a discontinued operation in the combined financial statements for all periods presented.

Edgar Filing: VIACOM INC - Form S-4/A

In 2004, Viacom completed the exchange offer for the split-off of Blockbuster. Under the terms of the offer, Viacom accepted 27,961,165 shares of Viacom common stock in exchange for the 144 million shares of common stock of Blockbuster that Viacom owned. Each share of Viacom class A or class B Common Stock accepted for exchange by 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 following tables set forth New Viacom's net loss attributable to Blockbuster and Famous Players, which are presented as discontinued operations:

Nine Months Ended September 30, 2005			
	Blockbuster	Famous Players	Total
Revenues from discontinued operations	\$	\$ 208.0	\$ 208.0
Loss from discontinued operations	\$	\$ (25.1)	\$ (25.1)
Loss on disposition		(72.9)	(72.9)
Minority interest		(1.6)	(1.6)
Loss from discontinued operations, net of minority interest		(99.6)	(99.6)
Income tax benefit, net of minority interest		52.7	52.7
Net loss from discontinued operations	\$	\$ (46.9)	\$ (46.9)

Nine Months Ended September 30, 2004			
	Blockbuster	Famous Players	Total
Revenues from discontinued operations	\$ 4,334.3	\$ 283.6	\$ 4,617.9
Loss from discontinued operations	\$ (1,303.3)	\$ (10.0)	\$ (1,313.3)
Loss on disposition	(57.3)		(57.3)
Minority interest	241.1	(1.1)	240.0
Loss from discontinued operations, net of minority interest	(1,119.5)	(11.1)	(1,130.6)
Income tax benefit, net of minority interest	39.8	3.9	43.7
Net loss from discontinued operations	\$ (1,079.7)	\$ (7.2)	\$ (1,086.9)

4) GOODWILL AND INTANGIBLE ASSETS

For nine months ended September 30, 2005, the changes in the book value of goodwill, by segment, were as follows:

	Balance at December 31, 2004	Acquisitions(a)	Foreign Currency Translation Adjustments	Other Adjustments	Balance at September 30, 2005
Cable Networks	\$ 8,964.0	\$ 166.5	\$ (36.8)	\$ (23.8)	\$ 9,069.9
Entertainment	1,302.9				1,302.9

Total	\$	10,266.9	\$	166.5	\$	(36.8)	\$	(23.8)	\$	10,372.8
-------	----	----------	----	-------	----	--------	----	--------	----	----------

(a) Principally relates to the acquisition of Neopets, Inc.

F-10

Edgar Filing: VIACOM INC - Form S-4/A

At September 30, 2005 and December 31, 2004, New Viacom had approximately \$307.5 million and \$250.2 million of intangible assets, respectively. Included in this amount were intangible assets with indefinite lives for trademarks for approximately \$33.5 million at September 30, 2005 and at December 31, 2004. These assets are not subject to amortization.

New Viacom's intangible assets subject to amortization and related accumulated amortization were as follows:

At September 30, 2005	Gross	Accumulated Amortization	Net
Subscriber agreements	\$ 406.5	\$ (275.4)	\$ 131.1
Other intangible assets	163.2	(20.3)	142.9
Total	\$ 569.7	\$ (295.7)	\$ 274.0

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 was \$49.1 million and \$42.1 million for the nine months ended September 30, 2005 and 2004, respectively. New Viacom 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:

	2005	2006	2007	2008	2009
Amortization expense	\$ 71.5	\$ 71.1	\$ 57.1	\$ 18.3	\$ 17.1

5) INVENTORY

	At September 30, 2005	At December 31, 2004
Theatrical:		
Released	\$ 629.6	\$ 682.8
Completed and not released	66.6	66.0
In production	456.6	302.4
In development or pre-production	67.0	58.7
Program rights	2,067.4	1,915.4
Merchandise inventory	53.4	65.9
Other	55.4	45.8
Total Inventory	3,396.0	3,137.0
Less current portion	386.8	396.6
Total Non-Current Inventory	\$ 3,009.2	\$ 2,740.4

6) PENSION AND OTHER POSTRETIREMENT BENEFITS

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

Nine Months Ended September 30,	Pension Benefits		Postretirement Benefits	
	2005	2004	2005	2004
Components of net periodic cost:				
Service cost	\$ 21.4	\$ 18.2	\$.5	\$.4
Interest cost	17.2	15.3	.3	.3
Expected return on plan assets	(10.7)	(9.1)	(.1)	
Amortization of unrecognized prior service cost	.3	.3	(.1)	(.1)
Recognized actuarial loss	4.0	2.3		
Net periodic cost	\$ 32.2	\$ 27.0	\$.6	\$.6

7) PROVISION FOR INCOME TAXES

The provision for income taxes represents federal, state and local and foreign taxes on earnings before income taxes. For the nine months ended September 30, 2005, New Viacom's effective tax rate of 39.2% increased from 36.5% for the same prior-year period, as the prior year included a tax benefit from the resolution of certain of New Viacom's income tax audits.

8) COMMITMENTS AND CONTINGENCIES

Guarantees

New Viacom 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, New Viacom intends to indemnify CBS Corp. with respect to the obligations of Viacom (to be renamed CBS Corporation) as guarantor on certain Blockbuster store leases. Blockbuster's obligations under these store leases aggregated approximately \$358 million at December 31, 2004. Certain leases contain renewal options that can extend the primary lease term and remain covered by the guarantees. Blockbuster has agreed to indemnify Viacom with respect to any obligations of Viacom under these guarantees. Blockbuster's indemnification obligations are secured by a \$150 million letter of credit. New Viacom recorded a liability of \$53.6 million to reflect the fair value of its indemnification obligation.

In the third quarter of 2005, Viacom (to be renamed CBS Corporation) sold Famous Players. Viacom may incur liabilities associated with Famous Players theater leases. New Viacom intends to indemnify CBS Corp. with respect to any liability under these theater leases. New Viacom recorded a liability of \$179.9 million, to reflect the fair value of these indemnification obligations.

In the fourth quarter of 2004, 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, New Viacom intends to indemnify CBS Corp. with respect to the obligations of Viacom as guarantor on certain UCI theater leases. These guarantees totaled approximately \$158.8 million at September 30, 2005 and are secured by bank guarantees provided by the buyer. Viacom had guaranteed UCI's debt obligations under a revolving credit facility which was repaid during the fourth quarter of 2004. Viacom contributed \$29.1 million toward the repayment of UCI's debt obligation under the terms of this guarantee.

New Viacom also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theaters LLC. Viacom has guaranteed certain of these theater leases. New Viacom intends to indemnify CBS Corp. with respect to any obligations of Viacom under these guarantees. These guarantees totaled approximately \$10.6 million at September 30, 2005. New Viacom will record a liability, which it currently anticipates will not be material, to reflect the fair value of these indemnification obligations.

Additionally, New Viacom 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 \$13.0 million at September 30, 2005 and

\$24.8 million at December 31, 2004 and are not recorded on the balance sheet as of September 30, 2005 and December 31, 2004.

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

Legal Matters

In July 2002, judgment was entered in favor of 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 Viacom in 2004, any judgment in this matter adverse to Viacom, Blockbuster and/or Paramount Home Entertainment may be allocated 33.33% to Blockbuster and 66.67% to Viacom. New Viacom will assume, and indemnify CBS Corp. for, Viacom's responsibility for losses in this matter pursuant to the separation agreement.

On November 10, 2005, Viacom was named as a defendant in a putative class action lawsuit filed by a stockholder of Blockbuster that alleges violations of federal securities laws. The suit, which is captioned *Congregation Ezra Sholom v. Blockbuster Inc., et al.*, was filed in the United States District Court for the Northern District of Texas. The suit is brought on behalf of all those who acquired shares of Blockbuster pursuant to Viacom's 2004 split-off of Blockbuster and those who purchased Blockbuster shares in the open market between September 8, 2004 and August 9, 2005. The complaint names as defendants NAI, Viacom and certain of its present and former officers and directors, and Blockbuster and certain of its present and former directors. The complaint alleges that the defendants made untrue statements of material facts and concealed and failed to disclose material facts. The plaintiff seeks to have the purchase of Blockbuster shares in the split-off rescinded, and also seeks other unspecified compensatory and other damages. In connection with the split-off, Blockbuster agreed to indemnify Viacom and its employees, officers and directors with respect to certain matters, including liabilities arising out of any material untrue statements and omissions in the portions of the split-off prospectus-offer to exchange that were provided by Blockbuster. Also in November 2005, Viacom, the Viacom Retirement Committee and certain of Viacom's current and former officers and directors, were named as defendants in a putative class action filed in the United States District Court

for the Southern District of New York. Plaintiff 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 and by offering to plan participants the opportunity to exchange their shares of Viacom common stock for the shares of Blockbuster common stock that were owned by Viacom. Plaintiff's complaint seeks certain declaratory and injunctive relief, disgorgement of alleged profits, unspecified compensatory damages, and other unspecified equitable and injunctive relief. New Viacom will assume, and indemnify CBS Corp. for, Viacom's responsibility for losses in these matters pursuant to the separation agreement.

New 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 its understanding and evaluation of the relevant facts and circumstances, New Viacom believes that the above-described legal matter 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.

9) ACQUISITIONS

In the second quarter of 2005, the Company acquired Neopets, Inc. for approximately \$160.0 million. The allocation of the purchase price is pending a final evaluation of the fair value of the assets acquired and liabilities assumed.

10) REPORTABLE SEGMENTS

The following tables set forth New Viacom's financial performance by reportable operating segment. New Viacom's reportable operating segments have been determined in accordance with New Viacom's internal management structure, which is organized based upon products and services.

Nine Months Ended September 30,	2005	2004
Revenues:		
Cable Networks	\$ 4,696.1	\$ 3,977.1
Entertainment	2,207.7	1,687.8
Eliminations	(17.9)	(36.5)
Total Revenues	\$ 6,885.9	\$ 5,628.4
Intercompany Revenues:		
Cable Networks	\$ (2.1)	\$ 15.8
Entertainment	20.0	20.7
Total Intercompany Revenues	\$ 17.9	\$ 36.5

Edgar Filing: VIACOM INC - Form S-4/A

Revenues generated between segments primarily reflect the licensing of feature films to cable networks and advertising sales. These transactions are recorded at fair market value as if the sales were to third parties and are eliminated in consolidation.

Nine Months Ended September 30,	2005	2004
Operating Income:		
Cable Networks	\$ 1,896.3	\$ 1,642.0
Entertainment	163.8	108.6
Segment total	2,060.1	1,750.6
Corporate expenses	(110.7)	(94.5)
Eliminations	4.4	1.2
Total Operating Income	1,953.8	1,657.3
Interest expense	(15.0)	(13.7)
Interest income	4.9	2.4
Other items, net	(19.1)	(4.8)
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	1,924.6	1,641.2
Provision for income taxes	(754.4)	(599.1)
Equity in earnings (loss) of affiliated companies, net of tax	7.5	(52.7)
Minority interest, net of tax	(3.3)	(2.0)
Net earnings from continuing operations	1,174.4	987.4
Net loss from discontinued operations	(46.9)	(1,086.9)
Net Earnings (loss)	\$ 1,127.5	\$ (99.5)

Nine Months Ended September 30,	2005	2004
Depreciation and Amortization:		
Cable Networks	\$ 165.7	\$ 159.1
Entertainment	14.8	12.7
Corporate expenses	5.0	7.1
Total Depreciation and Amortization	\$ 185.5	\$ 178.9

	At September 30, 2005	At December 31, 2004
Total Assets:		
Cable Networks	\$ 13,703.6	\$ 13,487.4
Entertainment	4,077.6	4,100.5
Discontinued operations		340.3
Corporate	599.3	512.6
Total Assets	\$ 18,380.5	\$ 18,440.8

Nine Months Ended September 30,	2005	2004
Capital Expenditures:		
Cable Networks	\$ 89.2	\$ 46.7
Entertainment	29.4	18.8
Corporate	8.6	24.8
Total Capital Expenditures	\$ 127.2	\$ 90.3

Edgar Filing: VIACOM INC - Form S-4/A

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying combined balance sheets and the related combined statements of operations, invested equity and comprehensive income (loss), and cash flows present fairly, in all material respects, the financial position of New Viacom Corp. (the "Company"), consisting of certain businesses of Viacom Inc. as defined in Note 1 to the combined financial statements, at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes 1 and 3 to the combined financial statements, the businesses that comprise the Company are subsidiaries of Viacom Inc., with which they have significant intercompany transactions.

As discussed in Note 2 to the combined financial statements, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" effective January 1, 2002 and, accordingly, the Company ceased amortizing goodwill and indefinite lived intangible assets as of that date.

/s/ PricewaterhouseCoopers LLP

New York, New York
October 4, 2005

NEW VIACOM CORP.

COMBINED STATEMENTS OF OPERATIONS

(In millions)

	Year Ended December 31,		
	2004	2003	2002
Revenues	\$ 8,132.2	\$ 7,304.4	\$ 6,050.7
Expenses:			
Operating	3,988.3	3,729.5	2,957.2
Selling, general and administrative	1,609.5	1,375.2	1,161.2
Depreciation and amortization	251.6	197.9	194.7
Total expenses	5,849.4	5,302.6	4,313.1
Operating income	2,282.8	2,001.8	1,737.6
Interest expense	(24.2)	(23.2)	(40.9)
Interest income	3.3	2.2	4.3
Other items, net	(17.7)	(24.6)	(29.3)
Earnings from continuing operations before income taxes, equity in loss of affiliated companies and minority interest	2,244.2	1,956.2	1,671.7
Provision for income taxes	(808.2)	(787.6)	(644.7)
Equity in loss of affiliated companies, net of tax	(40.0)	(18.2)	(30.9)
Minority interest, net of tax	(3.1)	(3.0)	(2.2)
Net earnings from continuing operations	1,392.9	1,147.4	993.9
Discontinued operations (Note 4):			
Earnings (loss) from discontinued operations, net of minority interest	(1,196.5)	(719.4)	246.8
Income taxes, net of minority interest	97.3	(83.4)	(79.1)
Net earnings (loss) from discontinued operations	(1,099.2)	(802.8)	167.7
Net earnings before cumulative effect of accounting change	293.7	344.6	1,161.6
Cumulative effect of accounting change, net of minority interest and tax (Note 2)		(6.1)	(1,480.9)
Net earnings (loss)	\$ 293.7	\$ 338.5	\$ (319.3)

See notes to combined financial statements.

NEW VIACOM CORP.

COMBINED BALANCE SHEETS
(In millions)

	At December 31,	
	2004	2003
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 148.9	\$ 58.3
Receivables, less allowances of \$124.1 (2004) and \$136.9 (2003)	1,828.8	1,707.1
Inventory	396.6	281.8
Deferred tax assets, net	13.5	10.4
Prepaid expenses	99.7	70.5
Other current assets	124.2	89.2
Current assets of discontinued operations	14.6	995.5
Total current assets	2,626.3	3,212.8
Property and Equipment:		
Land	239.5	239.3
Buildings	220.8	207.2
Capital leases	498.7	348.8
Equipment and other	1,303.0	1,328.6
	2,262.0	2,123.9
Less accumulated depreciation and amortization	1,157.1	1,123.4
Net property and equipment	1,104.9	1,000.5
Inventory	2,740.4	2,452.1
Goodwill	10,266.9	10,040.0
Intangibles	250.2	202.1
Deferred tax assets, net	435.1	466.9
Other assets	691.3	693.2
Other assets of discontinued operations	325.7	4,236.8
Total Assets	\$ 18,440.8	\$ 22,304.4
LIABILITIES AND INVESTED EQUITY		
Current Liabilities:		
Accounts payable	\$ 196.2	\$ 172.7
Accrued expenses	656.6	585.0
Accrued compensation	296.9	257.1
Participants' share, residuals and royalties payable	626.4	562.3
Program rights	295.4	218.5
Deferred income	272.6	278.7
Current portion of capital leases	53.4	38.8
Other current liabilities	325.2	311.0
Current liabilities of discontinued operations	62.9	1,342.1
Total current liabilities	2,785.6	3,766.2

Long-term capital leases	291.7	163.4
Participants' share, residuals and royalties payable	405.1	464.4
Program rights	530.8	347.6
Other liabilities	904.5	750.5
Other liabilities of discontinued operations	46.5	371.4
Commitments and contingencies (Note 14)		
Minority interest	11.3	10.6
Minority interest of discontinued operations	.1	614.6
Invested Equity:		
Invested capital	13,465.2	15,844.2
Accumulated other comprehensive loss		(28.5)
Total Invested Equity	13,465.2	15,815.7
Total Liabilities and Invested Equity	\$ 18,440.8	\$ 22,304.4

See notes to combined financial statements.

NEW VIACOM CORP.

COMBINED STATEMENTS OF CASH FLOWS

(In millions)

	Year Ended December 31,		
	2004	2003	2002
Operating Activities:			
Net earnings (loss)	\$ 293.7	\$ 338.5	\$ (319.3)
Less: Net earnings (loss) from discontinued operations	(1,099.2)	(802.8)	167.7
Less: Cumulative effect of accounting change, net of minority interest and tax		(6.1)	(1,480.9)
Net earnings from continuing operations	1,392.9	1,147.4	993.9
Adjustments to reconcile net earnings from continuing operations to net cash flow from operating activities:			
Depreciation and amortization	251.6	197.9	194.7
Equity in loss of affiliated companies, net of tax	40.0	18.2	30.9
Distributions from affiliated companies	16.3	36.0	35.6
Minority interest, net of tax	3.1	3.0	2.2
Change in operating assets and liabilities:			
(Increase) decrease in receivables	(76.3)	(533.7)	52.9
(Increase) decrease in inventory and related program and participation liabilities, net	(117.6)	223.3	(384.4)
(Increase) decrease in other assets	(13.0)	6.0	(89.8)
Increase in accounts payable and accrued expenses	221.1	65.5	160.4
Increase (decrease) in income taxes payable and net deferred tax liabilities	44.1	74.4	(45.5)
(Decrease) increase in deferred income	(33.2)	46.7	152.6
Other, net	(5.3)	(11.3)	42.2
Net cash flow provided by operating activities attributable to discontinued operations	266.2	637.6	455.1
Net cash flow provided by operating activities	1,989.9	1,911.0	1,600.8
Investing activities:			
Acquisitions, net of cash acquired	(363.7)	(1,284.0)	(163.2)
Capital expenditures	(140.5)	(114.3)	(122.3)
Investments in and advances to affiliated companies	(74.3)	(23.2)	(50.7)
Special distribution received from Blockbuster	738.1		
Other, net	(14.9)	15.2	16.2
Net cash flow from investing activities attributable to discontinued operations	(433.3)	(188.3)	(263.9)
Net cash flow used for investing activities	(288.6)	(1,594.6)	(583.9)
Financing Activities:			
Net contribution to Viacom Inc.	(1,734.0)	189.1	(806.0)
Payment of capital lease obligations	(52.1)	(41.5)	(32.3)
Other, net	(7.9)	(6.0)	(3.0)
Net cash flow from financing activities attributable to discontinued operations	(50.4)	(361.9)	(236.5)
Net cash flow used for financing activities	(1,844.4)	(220.3)	(1,077.8)

Edgar Filing: VIACOM INC - Form S-4/A

Net (decrease) increase in cash and cash equivalents	(143.1)	96.1	(60.9)
Cash and cash equivalents at beginning of year (includes \$234.8 (2004), \$153.4 (2003) and \$201.1 (2002) of discontinued operations cash)	293.1	197.0	257.9
Cash and cash equivalents at end of year (includes \$1.1 (2004), \$234.8 (2003) and \$153.4 (2002) of discontinued operations cash)	\$ 150.0	\$ 293.1	\$ 197.0

See notes to combined financial statements.

F-21

NEW VIACOM CORP.

COMBINED STATEMENTS OF INVESTED EQUITY AND
COMPREHENSIVE INCOME (LOSS)

(In millions)

	Year Ended December 31,		
	2004	2003	2002
Invested Capital:			
Balance, beginning of year	\$ 15,844.2	\$ 15,394.3	\$ 16,413.0
Split-off of Blockbuster	(963.0)		
VIVA acquisition	393.6		
Comedy Central acquisition		1,225.0	
Noggin acquisition			100.0
MTVi acquisition			151.6
Net earnings (loss)	293.7	338.5	(319.3)
Net contribution to Viacom Inc.	(2,103.3)	(1,113.6)	(951.0)
Balance, end of year	13,465.2	15,844.2	15,394.3
Accumulated Other Comprehensive Income (Loss) from Continuing Operations:			
Balance, beginning of year	19.7	(32.2)	(25.7)
Other comprehensive income (loss)	(10.4)	51.9	(6.5)
Balance, end of year	9.3	19.7	(32.2)
Accumulated Other Comprehensive Loss from Discontinued Operations:			
Balance, beginning of year	(48.2)	(113.5)	(111.7)
Other comprehensive income (loss) from discontinued operations	38.9	65.3	(1.8)
Balance, end of year	(9.3)	(48.2)	(113.5)
Total Invested Equity	\$ 13,465.2	\$ 15,815.7	\$ 15,248.6
Comprehensive Income (Loss):			
Net earnings (loss)	\$ 293.7	\$ 338.5	\$ (319.3)
Other Comprehensive Income (Loss) from continuing operations, net of tax:			
Minimum pension liability adjustment	(10.9)	5.9	(8.2)
Cumulative translation adjustments	(2.9)	42.3	1.6
Change in fair value of cash flow hedges	2.9	3.2	.8
Net unrealized gain (loss) on securities	.8	.5	(1.3)
Reclassification adjustment for net realized (gains) losses	(.3)		.6
Total Other Comprehensive Income (Loss) from continuing operations, net of tax	(10.4)	51.9	(6.5)
Other Comprehensive Income (Loss) from discontinued operations, net of tax and minority interest	38.9	65.3	(1.8)
Total Other Comprehensive Income (Loss), net of tax	28.5	117.2	(8.3)

Total Comprehensive Income (Loss)	\$	322.2	\$	455.7	\$	(327.6)
--	----	-------	----	-------	----	---------

See notes to combined financial statements.

F-22

NEW VIACOM CORP.

NOTES TO COMBINED FINANCIAL STATEMENTS

(Tabular dollars in millions)

1) DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

The Separation

On June 14, 2005, the Viacom Inc. board of directors unanimously approved the separation of Viacom Inc. into two publicly traded companies consisting of the businesses of New Viacom Corp. ("New Viacom") and CBS Corp., subject to market conditions and the approval by the Viacom board of directors of the material terms of the separation and certain other matters. New Viacom Corp. will retain the Viacom Inc. name and will include the following businesses: MTV Networks including, MTV Music Television, MTV2, VH1, Nickelodeon, Nick at Nite, Comedy Central, CMT: Country Music Television, Spike TV, TV Land, MTV Overdrive, Neopets and many other cable networks, websites and related businesses around the world, BET, Paramount Pictures, Paramount Home Entertainment and Famous Music. After the separation, CBS Corp. will include the following businesses: the CBS and UPN television networks, the CBS television stations group, Infinity Radio, Viacom Outdoor, the CBS, Paramount and King World television production and syndication operations, as well as Showtime, Simon & Schuster and Paramount Parks. For purposes of these combined financial statements, the references to Viacom are to Viacom Inc. and its consolidated subsidiaries unless the context otherwise requires.

On the effective date, each outstanding share of Viacom class A common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class A common stock and 0.5 of a share of CBS Corp. class A common stock. Similarly, each outstanding share of Viacom class B common stock will automatically convert into the right to receive 0.5 of a share of New Viacom class B common stock and 0.5 of a share of CBS Corp. class B common stock.

New Viacom and CBS Corp. will enter into agreements to effect the separation and govern certain of the ongoing relationships between New Viacom and CBS Corp. after the separation. These agreements will include, among others, a separation agreement, a transition services agreement and a tax matters agreement. New Viacom and CBS Corp. will continue to be under common control of National Amusements, Inc. ("NAI") which will hold a majority of the class A common stock of both companies. (See Note 3).

Basis of Presentation

The accompanying combined financial statements of New Viacom are presented on a carve-out basis and reflect the combined historical results of operations, financial position and cash flows of New Viacom, a worldwide entertainment company with operations in two segments: (i) Cable Networks and (ii) Entertainment. New Viacom also reflects results from the discontinued operations of Blockbuster Inc. and Famous Players Inc. (See Note 4).

The historical financial statements include allocations of Viacom corporate expenses and Paramount Pictures corporate overhead, including accounting, treasury, tax, legal, human resources, information systems and other related party transactions with Viacom. Viacom debt has not been allocated to the combined financial statements. Management believes the assumptions underlying the combined financial statements are reasonable. However, the combined financial statements included herein may not necessarily reflect New 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 New Viacom had been a stand-alone company during the periods presented. Because a direct ownership relationship did not exist among all the various worldwide entities comprising New Viacom, Viacom's net investment in New Viacom is shown as Invested Equity in lieu of stockholders' equity in the

combined financial statements. Transactions between New Viacom and Viacom and between New Viacom and CBS Corp. have been identified as transactions between related parties (See Note 3).

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination The combined financial statements include the accounts of New Viacom and investments of more than 50% in subsidiaries and other entities. Investments in affiliated companies over which New Viacom has a significant influence or ownership of more than 20% but less than or equal to 50% are accounted for under the equity method. Investments of 20% or less over which New Viacom has no significant influence are accounted for under the cost method. All significant intercompany transactions within New Viacom have been eliminated. All significant transactions between New Viacom and Viacom and New Viacom and CBS Corp. are included in these combined financial statements (See Note 3).

New Viacom 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 New Viacom's financial statements.

Use of Estimates The preparation of New Viacom's combined financial statements in conformity with accounting principles generally accepted 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, in testing for impairment of long-lived assets, for certain other reserves and accruals and with respect to the methodologies and calculations used to allocate corporate expenses, certain tax accruals and certain shared services at Paramount Pictures. New Viacom bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

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

Inventories Inventories related to theatrical and television product (which includes direct production costs, production overhead, development costs and acquisition costs) are stated at the lower of amortized cost or net realizable value. In accordance with Statement of Position 00-2 "Accounting by Producers or Distributors of Films" ("SOP 00-2"), inventories are amortized, and estimated liabilities for residuals and participations are accrued, for an individual product based on the proportion that current revenues bear to the estimated remaining total ultimate revenues. These estimates are periodically reviewed and adjustments, if any, will result in changes to inventory amortization rates and estimated accruals for residuals and participations. Development costs for projects that have been determined will not go into production or have not been set for production within three years are written-off.

New Viacom estimates that approximately 93% of unamortized costs of completed and released films at December 31, 2004 will be amortized within the next three years. Approximately \$387.7 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, 2004, acquired film libraries of approximately \$124.9 million remain to be amortized on a straight-line basis over an average remaining life of nine years.

Program Rights New Viacom acquires rights to programming and produces original 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 liabilities are recorded at the gross amount of the liabilities when the license period has begun, the cost of the program is determinable, and the program is accepted and available for airing.

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

Buildings	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 \$190.9 million (2004), \$145.7 million (2003) and \$142.9 million (2002). Amortization expense related to capital leases was \$44.2 million (2004), \$28.1 million (2003) and \$27.8 million (2002). Accumulated amortization of capital leases was \$187.2 million at December 31, 2004 and \$184.8 million at December 31, 2003.

Goodwill and Intangible Assets Goodwill and intangible assets are accounted for under Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). New Viacom's intangible assets are considered to have finite or indefinite lives and are identified by various reporting units, which are generally consistent with or one level below New Viacom's reportable segments. Intangible assets with finite lives, which primarily consist of leasehold and subscriber agreements, are generally amortized by the straight-line method over their estimated useful lives, which range from 5 to 40 years and are 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. Such a charge could have a significant effect on reported net earnings.

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

Investments in affiliated companies are reviewed for impairment on a quarterly basis by comparing their fair value to their respective carrying amounts each quarter. New Viacom estimates the fair value of its private company investments by considering recent investee equity transactions, discounted cash flow analyses, estimates based on comparable public company operating multiples and in certain situations, balance sheet liquidation values. If the fair value of the investment has dropped below the

carrying amount, management considers several factors when determining whether an other-than-temporary decline in fair value has occurred including the length of the time and the extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer, the intent and ability of New Viacom to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value, and other factors influencing the fair value, such as general market conditions.

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

Discontinued Operations On July 22, 2005, New Viacom sold Famous Players, its Canadian-based theater chain, to Cineplex Galaxy L.P. for approximately \$400 million. In 2004, Viacom completed the split-off of Blockbuster Inc. ("Blockbuster"). The combined financial statements of New Viacom present Famous Players and Blockbuster as discontinued operations 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 net of agency commissions. Affiliate fees for Cable Networks are recognized in the period the service is provided, net of launch incentives.

In accordance with SOP 00-2, Entertainment revenues from theatrical distribution of motion pictures are recognized as motion pictures are exhibited. Revenues from home entertainment product (e.g. DVD and videocassette) sales of motion pictures are recognized upon availability for sale to the public. Revenues from video revenue sharing agreements are recognized as earned. Revenues from the licensing of motion pictures 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.

Cable television series initially produced for the cable networks are generally licensed to domestic and international markets concurrently. The more successful series are later syndicated in domestic markets and sold in certain international markets. The length of the revenue cycle for television series will vary depending on the number of seasons a series remains in active production. Revenues arising from television license agreements are recognized in the period that the motion picture or television series is available for telecast and therefore may cause fluctuations in operating results.

Sales of Multiple Products or Services New Viacom 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.

Sales Returns and Allowances At the time of sale of home entertainment product, New Viacom records as a reduction of revenue the estimated impact of returns, rebates and other incentives. In determining the estimate of home entertainment product sales that will be returned, management analyzes historical returns, current economic trends and changes in customer demand and acceptance of New Viacom's product.

Advertising Advertising costs are expensed as incurred. New Viacom incurred total advertising expenses of \$915.5 million (2004), \$912.5 million (2003) and \$715.7 million (2002).

Interest Costs associated with any issuance of debt are expensed as interest over the term of the related debt. New Viacom may enter into interest rate exchange agreements; the amount to be paid or received under such agreements would be accrued as interest rates change and recognized over the life of the agreements as an adjustment to interest expense.

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

Provision for Doubtful Accounts The provision for doubtful accounts charged to expense was \$30.1 million (2004), \$32.1 million (2003) and \$44.5 million (2002).

Income Taxes New Viacom's income taxes as presented herein are calculated on a combined group basis, although New Viacom is included in the consolidated tax return of Viacom. Viacom manages 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 New Viacom would have followed or will follow as a stand-alone company. Income taxes are accounted for under the asset and liability method. 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 New Viacom's obligation and expense for pension and postretirement benefits and transfer of plan assets to cover such obligations is based on an actuarial determination of the effects of the allocation.

Comprehensive Income (Loss) As of December 31, 2004, the components of accumulated other comprehensive loss, are net of the following tax (provision) benefits: \$9.2 million for minimum pension liability adjustment, \$(13.5) million for cumulative translation adjustments, \$(1.7) million for change in fair value of cash flow hedges and \$(.2) million for unrealized gain on securities.

	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 Income(Loss)
At December 31, 2001	\$ (.6)	\$ (20.7)	\$ (4.3)	\$ (.1)	\$ (111.7)	\$ (137.4)
2002 Activity	(8.2)	1.6	.8	(.7)	(1.8)	(8.3)
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)	

Stock-based Compensation New Viacom follows the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). New Viacom 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 of New Viacom were granted options to purchase shares of Viacom class B common stock under the Viacom Inc. Long-Term Management Incentive Plans (See Note 11).

The following table reflects the effect on net earnings from continuing operations if New Viacom had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation. These pro forma effects may not be representative of future 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 11 for detailed assumptions.

Year Ended December 31,	2004	2003	2002
Net earnings from continuing operations	\$ 1,392.9	\$ 1,147.4	\$ 993.9
Option expense, net of tax	(119.5)	(87.8)	(72.5)
Net earnings from continuing operations after option expense	\$ 1,273.4	\$ 1,059.6	\$ 921.4

For the years ended December 31, 2004, 2003 and 2002, if New Viacom had applied the fair value recognition provision of SFAS 123 to the components of its discontinued operations, an additional expense of \$15.7 million, \$19.0 million and \$18.1 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 143. For 2002, the cumulative effect of accounting change of \$1.5 billion (net of minority interest of \$336.1 million) resulted from the initial adoption of SFAS 142 (See Note 5).

Edgar Filing: VIACOM INC - Form S-4/A

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 derivatives used as hedging instruments which, depending on the nature of the hedge, require that changes in the fair value of the derivatives either be offset against the change in fair value of assets or liabilities through earnings, or be recognized in other comprehensive income until the hedged item is recognized in earnings.

Recent Pronouncements In December 2004, the 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 the 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, New Viacom will adopt SFAS 123R on January 1, 2006.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"), 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. New Viacom does not expect the implementation of SFAS 154 to have a significant impact on its combined financial position, results of operations or cash flows.

3) RELATED PARTY TRANSACTIONS

NAI is the controlling stockholder of New Viacom. Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, currently serves as chairman of the Viacom board of directors and the chief executive officer of Viacom. Following the separation, Mr. Redstone will serve as the chairman of the board of directors for both New Viacom and CBS Corp.

Corporate Allocations and Cash Funding

Prior to the separation, the businesses of New Viacom were held directly or indirectly by Viacom. New Viacom enters into transactions with Viacom for, among other things, the daily transfer of cash collections, allocations of corporate charges and daily cash funding to be used in operations as necessary, and the payment of taxes on New Viacom's income. For purposes of these financial statements, the net amount due to Viacom or due from Viacom at the end of each fiscal year has been classified as equity and is included in New Viacom's invested capital.

The combined financial statements of New Viacom include allocations of Viacom corporate expenses and Paramount Pictures corporate overhead including accounting, treasury, tax, legal, human resources, information systems and other services, to reflect the utilization of such shared services and fixed assets by New Viacom. These allocations were made using specific identification of costs, assets and liabilities and other relative percentages where specific identification was not available. Total corporate costs allocated to New Viacom were approximately \$136.2 million, \$112.6 million and \$100.7 million in 2004, 2003 and 2002, respectively and were primarily included in selling, general and administrative expenses in the accompanying combined statements of operations. In the opinion of

management, the allocation methodology is reasonable. New Viacom's corporate expenses as a stand-alone company may be different from those reflected in the combined statements of operations. Following the completion of the separation, New Viacom will perform these functions using its own resources or purchased services.

Relationship between New Viacom and Viacom

In connection with the separation, New Viacom and Viacom (to be renamed CBS Corporation) are expected to enter into a separation agreement that will identify assets to be transferred, liabilities to be assumed and obligations of each company following the separation, and that will include indemnification obligations for such liabilities. In addition, New Viacom and CBS Corp. will enter into a transition services and a tax matters agreement.

New Viacom, through its normal course of business, is involved in transactions with companies owned by or affiliated with CBS Corp. New Viacom, through Paramount Pictures, licenses its motion picture products to CBS Corp. Paramount Pictures also distributes certain television products for a fee on behalf of CBS Corp.'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 Corp. In addition, New Viacom is also involved in transactions with Simon & Schuster and Paramount Parks. New Viacom's total revenues from these transactions were \$157.4 million, \$221.2 million and \$218.4 million for the years ended December 31, 2004, 2003 and 2002, respectively.

New Viacom, through MTV Networks and BET, purchases television programming from CBS Corp. The cost of these purchases are initially recorded as program rights inventory and amortized over the life of the contract or projected useful life of the programming. In addition, New Viacom places advertisements with various subsidiaries of CBS Corp. The total related party purchases were \$378.2 million, \$186.8 million and \$146.1 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Transactions with CBS Corp. and its subsidiaries, through the normal course of business, are settled in cash. The following table presents the amounts due from or due to CBS Corp. and its subsidiaries as reflected in New Viacom's combined balance sheets:

At December 31,	2004	2003
Amounts due from CBS Corp.		
Receivables	\$ 66.8	\$ 73.2
Other assets	88.4	124.6
Amounts due to CBS Corp.		
Accounts payable	\$ 13.2	\$ 11.8
Participants' share, residuals and royalties payable	9.8	
Program rights, current	177.3	104.8
Other liabilities	353.4	234.9

Relationship between New 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, a division of New Viacom. During the years ended December 31, 2004, 2003 and 2002, NAI made payments to Paramount Pictures in the aggregate amounts of approximately \$11.2 million, \$9.6 million and \$12.3 million.

NAI and Mr. Redstone owned in the aggregate approximately 87% of the common stock of Midway as of September 16, 2005. Midway places advertisements on several of New Viacom's cable networks from time to time. During the years ended December 31, 2004, 2003 and 2002, transactions with Midway totaled approximately \$5.5 million, \$1.4 million and \$2.0 million, respectively. In addition, Paramount Pictures, MTV Films and Midway have announced agreements pursuant to which Paramount Pictures and MTV Films will acquire the film rights to certain Midway video games. No amounts were paid with respect to these agreements in 2004.

4) DISCONTINUED OPERATIONS

On July 22, 2005, Viacom sold Famous Players, its Canadian-based theater chain, to Cineplex Galaxy L.P. for approximately \$400 million. Famous Players has been presented as a discontinued operation in the combined financial statements for all periods presented.

In 2004, Viacom completed the exchange offer for the split-off of Blockbuster. Under the terms of the offer, Viacom Inc. accepted 27,961,165 shares of Viacom common stock in exchange for the 144 million shares of common stock of Blockbuster that Viacom owned. Each share of Viacom class A common stock or Viacom class B common stock accepted for exchange by 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. Refer to Note 14 for discussion of lease guarantees related to Blockbuster.

Edgar Filing: VIACOM INC - Form S-4/A

The following table sets forth New Viacom's net earnings (loss) attributable to Blockbuster and Famous Players, which are presented as discontinued operations:

Year Ended December 31, 2004	Blockbuster	Famous Players	Total
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, net of minority interest	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
Earnings (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, net of minority interest	(83.6)	.2	(83.4)
Net loss from discontinued operations	\$ (802.4)	\$ (.4)	\$ (802.8)
Year Ended December 31, 2002			
Revenues from discontinued operations	\$ 5,565.9	\$ 346.4	\$ 5,912.3
Earnings (loss) from discontinued operations	\$ 311.0	\$ (7.4)	\$ 303.6
Minority interest	(55.7)	(1.1)	(56.8)
Earnings (loss) from discontinued operations, net of minority interest	255.3	(8.5)	246.8
Income tax (provision) benefit, net of minority interest	(90.7)	11.6	(79.1)
Net earnings from discontinued operations	\$ 164.6	\$ 3.1	\$ 167.7

Edgar Filing: VIACOM INC - Form S-4/A

In March 2005, Blockbuster announced its intention to restate its previously issued financial statements to reflect appropriate lease accounting practices. The cumulative impact of the adjustment was reflected in the combined financial statements in 2004. This cumulative impact increased both the loss from discontinued operations and minority interest, offset by a corresponding decrease in the loss on disposal of discontinued operations, resulting in no impact to the combined 2004 net loss from discontinued operations. The discontinued operation presentation of Blockbuster in prior years has not been revised to reflect this adjustment due to the immateriality of this amount.

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 Viacom's exchange offer for the split-off of Blockbuster.

F-32

Edgar Filing: VIACOM INC - Form S-4/A

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.

Upon initial adoption of SFAS 142 in 2002, New Viacom recorded a charge as a cumulative effect of accounting change, net of minority interest and tax, as the goodwill related to Blockbuster was impaired. The estimated fair values of Blockbuster reporting units were computed principally based upon the present value of future cash flows as of the date of adoption. The implied fair value of Blockbuster's goodwill was then compared to its book value resulting in an impairment charge of \$1.8 billion in total or \$1.5 billion, net of minority interest and tax.

The following tables present the major classes of assets and liabilities of Blockbuster and Famous Players:

At December 31, 2004	Blockbuster	Famous Players	Total
Current assets (including cash and cash equivalents of \$1.1 for Famous Players)	\$	\$ 14.6	\$ 14.6
Goodwill			
Long-term assets		325.7	325.7
Total Assets	\$	\$ 340.3	\$ 340.3
Current liabilities (including debt of \$0.3 for Famous Players)	\$	\$ 62.9	\$ 62.9
Long-term debt		6.0	6.0
Other liabilities		40.5	40.5
Total Liabilities	\$	\$ 109.4	\$ 109.4
At December 31, 2003			
Current assets (including cash and cash equivalents of \$233.4 for Blockbuster and \$1.4 for Famous Players)	\$	\$ 981.3	\$ 995.5
Goodwill		2,611.6	2,611.6
Long-term assets		1,266.3	1,625.2
Total Assets	\$	\$ 4,859.2	\$ 5,232.3
Current liabilities (including debt of \$144.8 for Blockbuster and \$1.4 for Famous Players)	\$	\$ 1,277.6	\$ 1,342.1
Long-term debt		75.1	79.9
Other liabilities		246.5	291.5
Total Liabilities	\$	\$ 1,599.2	\$ 1,713.5

5) GOODWILL AND OTHER INTANGIBLE ASSETS

For the year ended December 31, 2004, the changes in the book value of goodwill, by segment, were as follows:

	Balance at December 31, 2003	Acquisitions	Foreign Currency Translation Adjustments	Adjustments(a)	Balance at December 31, 2004
Cable Networks	\$ 8,725.8	\$ 333.6 ^(b)	\$ 25.0	\$ (120.4)	\$ 8,964.0
Entertainment	1,314.2			(11.3)	1,302.9
Total	\$ 10,040.0	\$ 333.6	\$ 25.0	\$ (131.7)	\$ 10,266.9

(a) Primarily includes purchase price allocations for acquisitions and the reversal of tax liabilities established in purchase price accounting that are no longer expected to be incurred.

(b) The \$333.6 million increase in goodwill resulted from the acquisition of VIVA Media AG in 2004.

At December 31, 2004 and December 31, 2003, New Viacom had approximately \$250.2 million and \$202.1 million of intangible assets, respectively. Included in this amount were intangible assets with indefinite lives for trademarks for approximately \$33.5 million at December 31, 2004. These assets are not subject to amortization.

New Viacom's intangible assets subject to amortization and the related accumulated amortization were as follows:

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

At December 31, 2003	Gross	Accumulated Amortization	Net
Subscriber agreements	\$ 372.5	\$ (183.5)	\$ 189.0
Other intangible assets	15.0	(1.9)	13.1
Total	\$ 387.5	\$ (185.4)	\$ 202.1

Amortization expense relating to intangible assets was \$60.7 million (2004), \$52.2 million (2003) and \$51.8 million (2002). New Viacom 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:

	2005	2006	2007	2008	2009
Amortization expense	\$ 61.9	\$ 60.2	\$ 46.4	\$ 7.6	\$ 6.8

6) SEVERANCE AND OTHER CHARGES

In 2004, New Viacom recorded second quarter severance charges of \$28.1 million, \$16.9 million net of tax, due to management changes. These 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, MTV Networks recorded a decrease of \$9.7 million to restructuring reserves due to a change in estimate for a 2001 charge and increased its initial estimate of severance liabilities for the acquisition of Comedy Central by \$1.6 million.

In 2003, restructuring charges of \$18.0 million were recorded at MTV Networks. These charges principally reflected \$9.3 million of severance liabilities resulting from the acquisition of the remaining 50% of Comedy Central that New Viacom did not own and \$8.4 million for additional lease termination costs for MTV Networks due to a change in the initial estimate for its 2001 charge. The restructuring charges were reflected in the Combined Statement of Operations as part of selling, general and administrative expenses for the year ended December 31, 2003. Severance payments will continue through 2005 since certain employees will be paid out over the terms of their employment contracts.

In 2001, New Viacom recorded a restructuring charge of \$66.6 million for MTV Networks associated with reducing headcount and closing certain MTV Networks domestic and foreign offices.

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

2001 charge	\$ 66.6
2001 severance payments	(11.5)
<hr/>	
At December 31, 2001	55.1
2002 severance payments	(35.7)
2002 lease payments	(9.4)
Revision to initial estimate	8.3
<hr/>	
At December 31, 2002	18.3
2003 charges	18.0
2003 severance payments	(9.2)
2003 lease payments	(4.0)
<hr/>	
At December 31, 2003	23.1
2004 severance payments	(3.9)
2004 lease payments	(3.7)
Revision to initial estimate	(8.1)
<hr/>	
At December 31, 2004	\$ 7.4
<hr/>	

7) ACQUISITIONS

In August 2004, MTV Networks acquired 75.8% of VIVA Media AG for \$306.9 million. Pursuant to a tender offer, MTV Networks subsequently purchased additional shares of VIVA Media AG, in the fourth quarter of 2004, 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 May 2003, MTV Networks 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 comprehensive evaluations of the fair value of Comedy Central's assets acquired and liabilities assumed.

In September 2002, MTV Networks acquired the 50% it did not own in Noggin, the 24-hour digital network for kids, for approximately \$100 million. Noggin'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 assets acquired of approximately \$87.1 million was allocated to goodwill.

8) INVENTORY

At December 31,	2004	2003
Theatrical:		
Released	\$ 682.8	\$ 629.4
Completed and not released	66.0	60.4
In production	302.4	337.0
In development or pre-production	58.7	62.9
Program rights	1,915.4	1,546.8
Merchandise inventory	65.9	45.7
Other	45.8	51.7
Total Inventory	3,137.0	2,733.9
Less current portion	396.6	281.8
Total Non-Current Inventory	\$ 2,740.4	\$ 2,452.1

9) INVESTMENTS IN AFFILIATED COMPANIES

New Viacom accounts for its investments in affiliated companies over which it 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 New Viacom's interest in, United International Pictures (50% owned), Nickelodeon U.K. (50% owned), MTV Brazil (30% owned), MTV Russia (49% owned), MTV Italy (49% owned), MTV Japan (36% owned), WF Cinema Holding L.P. (50% owned), Grauman's Theatres LLC (50% owned) and Cinemas International Corporation N.V. (49% owned).

Equity investments of \$110.9 million and \$101.2 million are recorded in "other assets" in the combined balance sheets at December 31, 2004 and 2003, 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 \$39.6 million and \$48.7 million at December 31, 2004 and 2003, respectively.

10) FINANCIAL INSTRUMENTS

New Viacom utilizes or plans to utilize derivative financial instruments to modify its exposure to market risks from changes in foreign exchange rates and interest rates. New Viacom 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. New Viacom designates forward contracts used to hedge future production costs as cash flow hedges. Additionally, New Viacom 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."

New Viacom's interest expense is exposed to movements in short-term rates. Swap agreements may be used to modify this exposure. As of December 31, 2004, there were no swaps outstanding.

At December 31, 2004, New Viacom did not have any interest rate cash flow hedges outstanding.

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.

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

11) STOCK-BASED COMPENSATION

Long-Term Management Incentive Plans Employees of New Viacom were granted options under the Viacom Long-Term Management Incentive Plans ("LTMIPs"). The purpose of the LTMIPs is to benefit and advance the interests of Viacom by rewarding certain employees for their contributions to the financial success of Viacom and thereby motivating them to continue to make such contributions in the future. The LTMIPs provide 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 10 years after the date of grant. A total of 56,261,690 shares of Viacom class B common stock was reserved for issuance to employees of New Viacom for future exercise of stock options outstanding as of December 31, 2004. Stock options granted to employees of New Viacom include all options granted to employees of MTV Networks, BET, Paramount Pictures, Paramount Home Entertainment and music publishing as well as options granted to employees of New Viacom's discontinued operations, Blockbuster and Famous Players. In addition, stock options granted to employees of Viacom corporate and Paramount Pictures corporate operations are allocated 50% to New Viacom, which is consistent with the allocation methodology of corporate employee-related costs in the combined statements of operations.

Edgar Filing: VIACOM INC - Form S-4/A

The weighted-average fair value of each option as of the grant date was \$17.88, \$18.62 and \$20.37 in 2004, 2003 and 2002, 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:

	2004	2003	2002
Expected dividend yield (a)	.62%		
Expected stock price volatility	38.85%	39.57%	37.02%
Risk-free interest rate	4.17%	3.58%	5.00%
Expected life of options (years)	7.4	6.8	6.7

(a)

Viacom did not declare any cash dividends on its common stock for 2002 and prior to the third quarter of 2003. 2003 options were granted to employees of New Viacom prior to the third quarter.

The following table summarizes stock activity for New Viacom employees under the LTMIPs:

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 2001	45,505,229	\$ 35.94
Granted	7,315,629	42.91
Exercised	(4,985,475)	19.09
Canceled	(736,886)	47.29
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

Edgar Filing: VIACOM INC - Form S-4/A

The following table summarizes information concerning outstanding and exercisable stock options for New Viacom employees under the LTMIPs at December 31, 2004:

Range of Exercise Price	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
\$ 2 to \$ 9.99	849,838	.67	\$ 5.46	849,838	\$ 5.46
10 to 19.99	4,629,923	2.34	\$ 15.98	4,629,923	\$ 15.98
20 to 29.99	1,527,043	1.57	\$ 21.33	1,527,043	\$ 21.33
30 to 39.99	18,047,798	6.40	\$ 36.62	9,889,415	\$ 35.16
40 to 49.99	17,767,673	6.19	\$ 41.94	9,521,480	\$ 42.54
50 to 59.99	12,690,115	5.08	\$ 55.36	10,713,818	\$ 55.51
60 to 69.99	437,750	5.50	\$ 67.57	437,750	\$ 67.57
70.00	311,550	4.90	\$ 70.00	311,550	\$ 70.00
	56,261,690			37,880,817	

Stock options exercisable at year end by New Viacom employees were as follows:

December 31, 2002	25,923,311
December 31, 2003	30,882,155
December 31, 2004	37,880,817

12) INCOME TAXES

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

Year Ended December 31,	2004	2003	2002
United States	\$ 2,072.8	\$ 1,863.2	\$ 1,538.9
Foreign	171.4	93.0	132.8
Total	\$ 2,244.2	\$ 1,956.2	\$ 1,671.7

Edgar Filing: VIACOM INC - Form S-4/A

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

Year Ended December 31,	2004	2003	2002
Current:			
Federal	\$ 590.7	\$ 575.7	\$ 515.9
State and local	171.7	135.5	159.1
Foreign	35.0	33.9	31.1
	797.4	745.1	706.1
Deferred	10.8	42.5	(61.4)
Provision for income taxes	\$ 808.2	\$ 787.6	\$ 644.7

New Viacom's operating results have been included in Viacom's U.S. federal and state income tax returns, as well as the applicable tax returns in non-U.S. jurisdictions. The provision for income taxes in these combined financial statements has been determined on a combined New Viacom group basis. New Viacom is required to assess its deferred tax assets and the need for a valuation allowance on a combined group return basis, and exclude from that assessment the utilization of all or a portion of those losses by Viacom, which are attributable to New Viacom, under the separate return method. This assessment requires considerable judgment on the part of management with respect to benefits that could be realized from future taxable income, as well as other positive and negative factors.

The equity losses of affiliated companies are shown net of tax on New Viacom's Combined Statements of Operations. The tax (provision) benefit relating to losses from equity investments in 2004, 2003, and 2002 were (\$6.1) million, (\$16.2) million, and (\$17.8) million, respectively, which represented an effective tax rate of (18.0%), (785.8%), and (136.3%), respectively.

A reconciliation of the U.S. federal tax rate on earnings before income taxes is summarized as follows:

Year Ended December 31,	2004	2003	2002
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	4.8	4.2	5.5
Effect of foreign operations	(2.7)	(1.3)	(4.4)
Audit settlements	(3.4)		
Other, net	2.3	2.4	2.5
Effective tax rate on earnings before income taxes	36.0%	40.3%	38.6%

Edgar Filing: VIACOM INC - Form S-4/A

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

Year Ended December 31,	2004	2003
Deferred tax assets:		
Provision for expense and losses	\$ 538.6	\$ 555.7
Postretirement and other employee benefits	80.8	79.0
Property, equipment and intangible assets	30.2	
Tax credit and loss carryforwards	3.5	42.0
Total deferred tax assets	653.1	676.7
Valuation allowance	(9.6)	(13.2)
Net deferred tax assets	\$ 643.5	\$ 663.5
Deferred tax liabilities:		
Property, equipment and intangible assets	\$	\$ (9.3)
Other	(194.9)	(176.9)
Total deferred tax liabilities	\$ (194.9)	\$ (186.2)
Deferred tax assets, net	\$ 448.6	\$ 477.3

At December 31, 2004 and 2003, respectively, New Viacom had net current deferred tax assets of \$13.5 million and \$10.4 million. At December 31, 2004 and 2003, New Viacom had non-current deferred tax assets of \$435.1 million and \$466.9 million, respectively. New Viacom included in "Current liabilities of discontinued operations" in 2003, current deferred income tax liabilities of \$3.3 million related to Blockbuster. Included in "Other liabilities of discontinued operations" in 2003 was non-current deferred income tax liabilities of \$48.0 million related to Blockbuster.

At December 31, 2004, New Viacom had net operating loss carryforwards for federal, state and local and foreign jurisdiction of approximately \$10.8 million, which expire in various years from 2005 through 2019.

The 2004 and 2003 deferred tax assets were reduced by a valuation allowance of \$10 million and \$13 million, respectively, principally relating to tax benefits of net operating losses which are not expected to be realized.

New Viacom'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 \$155.4 million at December 31, 2004 and \$134.2 million at December 31, 2003. No provision has been recorded for the U.S. or foreign taxes that could result from the remittance of such undistributed earnings since New Viacom 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. During this period New Viacom filed on a consolidated basis with Viacom.

13) PENSION AND OTHER POSTRETIREMENT BENEFITS

New Viacom 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's policy for all pension plans is to fund amounts in accordance with the Employee Retirement Income Security Act of 1974, the Internal Revenue code of 1986 and the applicable rules and regulations. Plan assets consist principally of equity securities, marketable bonds and U.S. government securities. New Viacom employees' proportionate share of Viacom's class B common stock represents approximately 1.8% and 2.7% of the plan assets' fair values at December 31, 2004 and 2003, respectively.

In addition, New Viacom 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 Viacom's own funds.

The benefit plan amounts presented below are representative of New Viacom. The determination of New Viacom's obligation and expense for pension and postretirement benefits and transfer of plan assets to cover such obligations is based on an actuarial determination of the effects of the allocation.

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

At December 31,	Pension Benefits		Postretirement Benefits	
	2004	2003	2004	2003
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ 340.8	\$ 290.4	\$ 6.1	\$ 5.1
Service cost	24.2	21.8	.5	.5
Interest cost	20.3	18.9	.4	.5
Actuarial loss	33.1	13.2	.8	.2
Benefits paid	(8.7)	(8.0)	(.2)	(.2)
Cumulative translation adjustments	2.4	4.5		
Benefit obligation, end of year	\$ 412.1	\$ 340.8	\$ 7.6	\$ 6.1

Edgar Filing: VIACOM INC - Form S-4/A

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

At December 31,	Pension Benefits		Postretirement Benefits	
	2004	2003	2004	2003
Change in plan assets:				
Fair value of plan assets, beginning of year	\$ 142.9	\$ 117.1	\$.1	\$.1
Actual return on plan assets	13.6	21.8		
Employer contributions	28.6	7.8	.2	.3
Benefits paid	(8.7)	(8.0)	(.2)	(.2)
Cumulative translation adjustments	1.8	4.2		
Fair value of plan assets, end of year	\$ 178.2	\$ 142.9	\$.1	\$.1

The accrued pension and postretirement costs recognized in New Viacom Combined Balance Sheets were computed as follows:

At December 31,	Pension Benefits		Postretirement Benefits	
	2004	2003	2004	2003
Funded status	\$ (233.9)	\$ (197.9)	\$ (7.5)	\$ (6.0)
Unrecognized transition obligation	.4	.4		
Unrecognized prior service cost (benefit)	2.0	2.3	(.4)	(.7)
Unrecognized actuarial loss	96.1	66.7	1.1	.4
Accrued pension liability	\$ (135.4)	\$ (128.5)	\$ (6.8)	\$ (6.3)
Amounts recognized in the Combined Balance Sheets:				
Accrued liability	\$ (165.9)	\$ (144.6)	\$ (6.8)	\$ (6.3)
Prepaid benefits cost	3.5	6.7		
Intangible assets	4.0	4.5		
Accumulated other comprehensive pre-tax loss(1)	23.0	4.9		
Net liability recognized	\$ (135.4)	\$ (128.5)	\$ (6.8)	\$ (6.3)

(1) Reflects a minimum liability increase of \$18.1 million in 2004 and a minimum liability decrease of \$9.8 million in 2003.

The accumulated benefit obligation of New Viacom under Viacom's defined pension plans was \$343.7 million and \$283.7 million at December 31, 2004 and 2003, respectively.

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

At December 31,	2004	2003
-----------------	------	------

Projected benefit obligation	\$	383.6	\$	303.9
Accumulated benefit obligation	\$	320.8	\$	252.1
Fair value of plan assets	\$	154.9	\$	107.6

F-43

Edgar Filing: VIACOM INC - Form S-4/A

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

At December 31,	Pension Benefits			Postretirement Benefits		
	2004	2003	2002	2004	2003	2002
Components of net periodic cost:						
Service cost	\$ 24.2	\$ 21.8	\$ 17.8	\$.5	\$.5	\$.4
Interest cost	20.3	18.9	15.7	.4	.5	.3
Expected return on plan assets	(12.1)	(9.7)	(13.1)			
Amortization of transition obligation	.1	(.8)	(.8)			
Amortization of prior service cost	.4	.3	.3	(.2)	(.2)	(.2)
Recognized actuarial loss	3.1	3.8	.2			
Net periodic cost	\$ 36.0	\$ 34.3	\$ 20.1	\$.7	\$.8	\$.5

	Pension Benefits		Postretirement Benefits	
	2004	2003	2004	2003
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate	5.8%	6.0%	5.8%	6.0%
Rate of compensation increase	3.5%	3.5%	N/A	N/A

Weighted-average assumptions used to determine net periodic cost for years ended December 31:				
Discount rate	6.0%	6.5%	6.0%	6.5%
Expected long-term return on plan assets	8.2%	8.2%	2.0%	8.0%
Rate of compensation increase	3.5%	4.0%	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:

	2004	2003
Projected health care cost trend rate for participants of age 65 and below	9.0%	8.0%
Projected health care cost trend rate for participants above age 65	10.0%	9.5%
Ultimate trend rate	5.0%	5.0%
Year ultimate trend rate is achieved for participants of age 65 and below	2013	2010
Year ultimate trend rate is achieved for participants above age 65	2015	2013

Edgar Filing: VIACOM INC - Form S-4/A

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	\$.5	\$ (.4)

The asset allocations for New Viacom's proportionate share 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 New Viacom's proportionate share of Viacom's pension plans at December 31, 2004 and 2003, by asset category were as follows:

Plan Assets at December 31,	2004	2003
Equity securities	55.6%	57.2%
Debt securities	36.0%	35.0%
Cash and other	8.4%	7.8%
Total	100.0%	100.0%

At December 31, 2003, the asset allocations by asset category include only domestic pension plans.

The percentage of asset allocations of New Viacom's proportionate share of Viacom's other postretirement benefit plans at December 31, 2004 and 2003 were primarily held in cash.

Future Benefit Payments

The estimated future benefit payments for New Viacom are as follows:

	2005	2006	2007	2008	2009	2010-2014
Pension	\$ 8.4	\$ 8.5	\$ 8.8	\$ 9.1	\$ 9.6	\$56.8
Postretirement	\$.2	\$.3	\$.3	\$.3	\$.3	\$1.2

New Viacom expects to contribute \$3.8 million to Viacom's pension plans and \$0.1 million to the other postretirement benefit plans in 2005.

Certain employees of New Viacom 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 \$13.1 million (2004) and \$11.2 million (2003). In addition, Viacom has defined contribution plans for the benefit of substantially all New Viacom employees meeting certain eligibility requirements. Employer contributions to such plans were \$19.3 million, \$16.3 million and \$12.5 million for the years ended December 31, 2004, 2003 and 2002, respectively.

14) COMMITMENTS AND CONTINGENCIES

New Viacom'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 New Viacom's normal course of business and represent obligations that are payable over several years.

Programming and talent commitments of New Viacom, estimated to aggregate approximately \$809.2 million as of December 31, 2004, included \$534.6 million relating to cable programming, feature film production and feature film acquisitions, and \$213.8 million for talent contracts. A majority of such fees are payable over several years, as part of the normal course of business.

New Viacom has long-term non-cancelable operating lease commitments for office space and equipment, transponders, studio facilities and vehicles. New Viacom also enters into capital leases for satellite transponders. At December 31, 2004, future operating leases payments are estimated to aggregate \$697.2 million.

New Viacom also has purchase obligations which include agreements to purchase goods or services in the future that totaled \$35.2 million as of December 31, 2004.

At December 31, 2004, minimum rental payments under non-cancelable leases and minimum franchise payments are as follows:

	Leases	
	Capital	Operating
2005	\$ 77.9	\$ 135.4
2006	68.3	127.1
2007	66.1	115.1
2008	58.3	100.3
2009	55.4	87.1
2010 and thereafter	130.3	132.2
Total minimum payments	\$ 456.3	\$ 697.2
Less amounts representing interest	111.2	
Present value of net minimum payments	\$ 345.1	

Future minimum operating lease payments have been reduced by future minimum sublease income of \$39.8 million. Rent expense amounted to \$98.1 million (2004), \$88.9 million (2003) and \$85.5 million (2002).

Guarantees

New Viacom follows the recognition provisions of 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, New Viacom intends to indemnify CBS Corp. with respect to the obligations of Viacom (to be renamed CBS Corporation) as guarantor on certain Blockbuster store leases. Blockbuster's obligations under these store leases aggregated approximately \$358 million at December 31, 2004. Certain leases contain renewal options that can extend the primary lease term and

remain covered by the guarantees. Blockbuster has agreed to indemnify Viacom with respect to any obligations of Viacom under these guarantees. Blockbuster's indemnification obligations are secured by a \$150 million letter of credit. New Viacom recorded a liability of \$53.6 million to reflect the fair value of its indemnification obligation.

In the third quarter of 2005, Viacom sold Famous Players, an operator of movie theaters in Canada. Viacom (to be renamed CBS Corporation) may incur liabilities associated with Famous Players theater leases. New Viacom intends to indemnify CBS Corp. with respect to any liability under these theater leases. New Viacom will record a liability, which it currently anticipates will not exceed \$250 million, to reflect the fair value of these indemnification obligations.

In the fourth quarter of 2004, 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, New Viacom intends to indemnify CBS Corp. with respect to the obligations of Viacom as guarantor on certain UCI theater leases. These guarantees totaled approximately \$177.0 million at December 31, 2004 and are secured by bank guarantees provided by the buyer. Viacom had guaranteed UCI's debt obligations under a revolving credit facility which was repaid during the fourth quarter of 2004. Viacom contributed \$29.1 million toward the repayment of UCI's debt obligation under the terms of this guarantee.

New Viacom also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theaters LLC. Viacom has guaranteed certain of these theater leases. New Viacom intends to indemnify CBS Corp. with respect to any obligations of Viacom under these guarantees. These guarantees totaled approximately \$13.3 million at December 31, 2004. New Viacom will record a liability, which it currently anticipates will not be material, to reflect the fair value of these indemnification obligations.

Additionally, New Viacom 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 \$24.8 million at December 31, 2004 and are not recorded on the balance sheet as of December 31, 2004.

In the course of its business, New Viacom both provides and receives the benefit of indemnities which are intended to allocate certain risks associated with business transactions. Similarly, New Viacom may remain contingently liable for various obligations of a business that has been divested in the event that a third party does not perform its obligations under an indemnification obligation. New Viacom 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 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

have appealed the California state court dismissal, as well as a prior denial of class certification. Under the separation agreement, New Viacom will assume and indemnify CBS Corp. for Viacom's responsibility for any judgment in this matter.

Litigation is inherently uncertain and always difficult to predict. However, based on its understanding and evaluation of the relevant facts and circumstances, New Viacom believes that the above-described legal matter 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.

15) REPORTABLE SEGMENTS

The following tables set forth New Viacom's financial performance by reportable operating segment. New Viacom's reportable operating segments have been determined in accordance with New Viacom's internal management structure, which is organized based upon products and services. New Viacom operates in 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 \$28.9 million and (\$12.5) million for 2004, \$13.3 million and \$49.2 million for 2003, and \$16.3 million and \$6.6 million for 2002. Operating income eliminations primarily reflect the timing of related party transactions from the sale of feature films to cable networks.

Edgar Filing: VIACOM INC - Form S-4/A

Year Ended December 31,	2004	2003	2002
Revenues:			
Cable Networks	\$ 5,634.9	\$ 4,711.1	\$ 3,775.8
Entertainment	2,513.7	2,655.8	2,297.8
Eliminations	(16.4)	(62.5)	(22.9)
Total Revenues	\$ 8,132.2	\$ 7,304.4	\$ 6,050.7
Operating Income:			
Cable Networks	\$ 2,265.0	\$ 1,928.9	\$ 1,555.6
Entertainment	154.2	189.7	267.3
Segment total	2,419.2	2,118.6	1,822.9
Corporate expenses	(128.1)	(103.8)	(91.7)
Eliminations	(8.3)	(13.0)	6.4
Total Operating Income	2,282.8	2,001.8	1,737.6
Interest expense	(24.2)	(23.2)	(40.9)
Interest income	3.3	2.2	4.3
Other items, net	(17.7)	(24.6)	(29.3)
Earnings from continuing operations before income taxes, equity in loss of affiliated companies and minority interest	2,244.2	1,956.2	1,671.7
Provision for income taxes	(808.2)	(787.6)	(644.7)
Equity in loss of affiliated companies, net of tax	(40.0)	(18.2)	(30.9)
Minority interest, net of tax	(3.1)	(3.0)	(2.2)
Net earnings from continuing operations	1,392.9	1,147.4	993.9
Net earnings (loss) from discontinued operations	(1,099.2)	(802.8)	167.7
Net earnings before cumulative effect of change in accounting principle	293.7	344.6	1,161.6
Cumulative effect of accounting change, net of minority interest and tax		(6.1)	(1,480.9)
Net Earnings (loss)	\$ 293.7	\$ 338.5	\$ (319.3)

Year Ended December 31,	2004	2003	2002
Depreciation and Amortization:			
Cable Networks	\$ 223.2	\$ 171.4	\$ 167.4
Entertainment	19.0	16.8	17.5
Corporate	9.4	9.7	9.8
Total Depreciation and Amortization	\$ 251.6	\$ 197.9	\$ 194.7

At December 31,	2004	2003
Total Assets:		
Cable Networks	\$ 13,487.4	\$ 12,441.9
Entertainment	4,100.5	4,172.8
Discontinued operations	340.3	5,232.3
Corporate	512.6	457.4
Total Assets	\$ 18,440.8	\$ 22,304.4

Year Ended December 31,	2004	2003	2002
Capital Expenditures:			
Cable Networks	\$ 86.9	\$ 81.7	\$ 87.7
Entertainment	29.2	27.6	28.7
Corporate	24.4	5.0	5.9
Total Capital Expenditures	\$ 140.5	\$ 114.3	\$ 122.3

Edgar Filing: VIACOM INC - Form S-4/A

Information regarding New Viacom's combined revenues by type is as follows:

Year Ended December 31,	2004	2003	2002
Advertising sales	\$ 3,349.6	\$ 2,769.0	\$ 2,230.1
Feature film exploitation	2,394.5	2,561.7	2,214.2
Affiliate fees	1,640.3	1,448.4	1,230.1
Other (a)	747.8	525.3	376.3
Total	\$ 8,132.2	\$ 7,304.4	\$ 6,050.7

(a) Other primarily includes revenues from cable home entertainment sales, licensing and merchandising of cable and consumer products and music publishing.

Information regarding New Viacom's operations by geographic area is as follows:

Year Ended December 31,	2004	2003	2002
Revenues (a):			
United States	\$ 6,418.0	\$ 5,790.9	\$ 4,861.9
International	1,714.2	1,513.5	1,188.8
Total Revenues	\$ 8,132.2	\$ 7,304.4	\$ 6,050.7

At December 31,	2004	2003
Long-lived Assets (b):		
United States	\$ 14,157.5	\$ 17,482.4
International	1,110.1	1,040.3
Total Long-lived Assets	\$ 15,267.6	\$ 18,522.7

Transactions within New Viacom 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.

16) OTHER ITEMS

"Other items, net" reflected a net loss of \$17.7 million for 2004, \$24.6 million for 2003 and \$29.3 million for 2002, principally consisting of losses associated with securitizing trade receivables of \$7.7 million, \$5.7 million and \$7.2 million, respectively, and foreign exchange losses of \$9.3 million for 2004, \$18.9 million for 2003 and \$22.3 million for 2002.

17) SUPPLEMENTAL CASH FLOW INFORMATION

Year Ended or At December 31,	2004	2003	2002
Cash paid for interest, net of amounts capitalized (a)	\$ 32.6	\$ 51.4	\$ 60.1
Non-cash investing and financing activities:			
Equipment acquired under capitalized leases	\$ 91.9	\$ 58.1	\$.8
Fair value of assets acquired	\$ 493.3	\$ 1,311.0	\$ 156.2
Fair value of liabilities assumed	(129.3)	(100.4)	(1.1)
Minority interest	(.3)	73.4	159.7
Cash paid, net of cash acquired	(363.7)	(1,284.0)	(163.2)
Impact on invested equity	\$	\$	\$ 151.6

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

18) QUARTERLY FINANCIAL DATA (unaudited):

2004(a)	First Quarter	Second Quarter	Third Quarter(b)	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) before cumulative effect of accounting change	\$ 444.0	\$ 343.8	\$ (887.3)	\$ 393.2	\$ 293.7
Net earnings (loss)	\$ 444.0	\$ 343.8	\$ (887.3)	\$ 393.2	\$ 293.7

2003(a)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(c)	Total Year
Revenues	\$ 1,497.3	\$ 1,608.4	\$ 1,836.3	\$ 2,362.4	\$ 7,304.4
Operating income	\$ 417.5	\$ 452.7	\$ 552.3	\$ 579.3	\$ 2,001.8
Net earnings from continuing operations	\$ 240.6	\$ 255.6	\$ 314.6	\$ 336.6	\$ 1,147.4
Net earnings (loss) before cumulative effect of accounting change	\$ 304.3	\$ 300.8	\$ 368.8	\$ (629.3)	\$ 344.6
Net earnings (loss)	\$ 298.2	\$ 300.8	\$ 368.8	\$ (629.3)	\$ 338.5

Edgar Filing: VIACOM INC - Form S-4/A

- (a) In 2005, Famous Players, a Canadian-based theater chain, was sold to Cineplex Galaxy L.P. Famous Players is presented as a discontinued operation. All prior periods have been reclassified to conform to this presentation. In 2004, the exchange offer for the split-off of Blockbuster was completed and Blockbuster is presented as a discontinued operation. All prior periods have been reclassified to conform to this presentation.
- (b) The net loss before cumulative effect of accounting change includes 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 for Blockbuster.
- (c) The net loss before cumulative effect of accounting change includes a non-cash impairment charge of \$1.3 billion in accordance with SFAS 142 for Blockbuster.

AGREEMENT AND PLAN OF MERGER

among

VIACOM INC.,

NEW VIACOM CORP.

and

VIACOM MERGER SUB INC.

Dated as of November 21, 2005

TABLE OF CONTENTS

	Page
ARTICLE I	
THE MERGER	
SECTION 1.01. The Merger	A-2
SECTION 1.02. Effective Time; Closing	A-2
SECTION 1.03. Effect of the Merger	A-2
SECTION 1.04. Certificate of Incorporation; Bylaws	A-2
SECTION 1.05. Directors and Officers	A-2
ARTICLE II	
CONVERSION OF SECURITIES; EXCHANGE OF CERTIFICATES	
SECTION 2.01. Conversion of Securities	A-2
SECTION 2.02. Exchange of Certificates	A-3
SECTION 2.03. Stock Transfer Books	A-6
SECTION 2.04. Viacom Options and Other Stock-Based Plans	A-6
SECTION 2.05. Restricted Stock Units	A-9
SECTION 2.06. Registration and Rule 16b-3 Exemption	A-10
SECTION 2.07. No Appraisal Rights/Dissenting Shares	A-10
SECTION 2.08. Affiliates	A-10
ARTICLE III	
PLAN OF REORGANIZATION	
SECTION 3.01. Plan of Reorganization	A-11
ARTICLE IV	
CONDITIONS TO THE MERGER	
SECTION 4.01. Conditions to the Obligations of Each Party	A-11
ARTICLE V	
TERMINATION, AMENDMENT AND WAIVER	
SECTION 5.01. Termination	A-12
SECTION 5.02. Effect of Termination	A-12
SECTION 5.03. Amendment	A-12
SECTION 5.04. Waiver	A-12
ARTICLE VI	
GENERAL PROVISIONS	
SECTION 6.01. Non-Survival of Representations, Warranties and Agreements	A-12
SECTION 6.02. Notices	A-12
SECTION 6.03. Certain Definitions	A-13
SECTION 6.04. Severability	A-16
SECTION 6.05. Entire Agreement; Assignment	A-16
SECTION 6.06. Parties in Interest	A-16
SECTION 6.07. Governing Law	A-16

Edgar Filing: VIACOM INC - Form S-4/A

SECTION 6.08. Headings	A-17
SECTION 6.09. Counterparts	A-17
SECTION 6.10. Waiver of Jury Trial	A-17

Exhibits:

Exhibit A	Form of Surviving Corporation Certificate of Incorporation
Exhibit B	Form of Surviving Corporation Bylaws
Exhibit C	Form of Affiliate Letter
Exhibit D	Form of Separation Agreement
Exhibit E	Form of Tax Matters Agreement

Edgar Filing: VIACOM INC - Form S-4/A

AGREEMENT AND PLAN OF MERGER, dated as of November 21, 2005 (this "Agreement"), among Viacom Inc., a Delaware corporation ("Viacom"), New Viacom Corp., a Delaware corporation and a wholly owned subsidiary of Viacom ("New Viacom"), and Viacom Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Viacom ("Merger Sub").

WHEREAS, the board of directors of Viacom (the "Viacom Board") has determined that it is in the best interests of Viacom and its stockholders to separate Viacom into two separate publicly traded companies (the "Separation") and to effect the Separation through the Merger (as defined below);

WHEREAS, upon the terms and subject to the conditions of this Agreement and in accordance with the General Corporation Law of the State of Delaware (the "DGCL"), Viacom and Merger Sub have agreed that Merger Sub will merge with and into Viacom with Viacom continuing as the surviving corporation (the "Merger");

WHEREAS, the Viacom Board (i) has determined that the Merger is fair to, and in the best interests of, Viacom and its stockholders and has approved this Agreement and declared its advisability and (ii) has recommended the adoption of this Agreement by the stockholders of Viacom acting by the written consent of NAIRI, Inc.;

WHEREAS, the board of directors of Merger Sub (i) has determined that the Merger is fair to, and in the best interests of, Merger Sub and has approved this Agreement and declared its advisability and (ii) has recommended the adoption of this Agreement by Viacom, as the sole stockholder of Merger Sub;

WHEREAS, the board of directors of New Viacom (i) has determined that the Merger is fair to, and in the best interests of, New Viacom and has approved this Agreement and declared its advisability and (ii) has recommended the adoption of this Agreement by Viacom, as the sole stockholder of New Viacom;

WHEREAS, for federal income tax purposes, the Merger is intended to qualify as a reorganization under the provisions of Section 368(a) of the United States Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, in accordance with the terms and subject to the conditions of this Agreement, upon the consummation of the Merger, Viacom, which will continue as the surviving corporation of the Merger, will be renamed CBS Corporation ("CBS"), and New Viacom will become a separate, publicly traded company and will be renamed Viacom Inc.;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Viacom, New Viacom and Merger Sub hereby agree as follows:

ARTICLE I

THE MERGER

SECTION 1.01. The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL, at the Effective Time (as defined below), Merger Sub shall be merged with and into Viacom. As a result of the Merger, the separate corporate existence of Merger Sub shall cease and Viacom shall continue as the surviving corporation of the Merger (the "Surviving Corporation").

SECTION 1.02. Effective Time; Closing. At such time as Viacom, in its sole discretion, shall determine, after the satisfaction or, if permissible, waiver of the conditions set forth in Article IV, the parties hereto shall cause the Merger to be consummated by filing a certificate of merger (the "Certificate of Merger") with the Secretary of State of the State of Delaware, in such form as is required by, and executed in accordance with, the relevant provisions of the DGCL (the date and time of such filing of the Certificate of Merger (or such later time as may be determined by Viacom and specified in the Certificate of Merger) being the "Effective Time"). Immediately prior to such filing of the Certificate of Merger, a closing (the "Closing") shall be held at the offices of Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, or such other place as the parties shall agree, for the purpose of confirming the satisfaction or waiver, as the case may be, of the conditions set forth in Article IV.

SECTION 1.03. Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of the DGCL.

SECTION 1.04. Certificate of Incorporation; Bylaws. (a) At the Effective Time, the amended and restated certificate of incorporation of Viacom shall be amended and restated in its entirety in the form of Exhibit A attached hereto and as so amended and restated shall be the certificate of incorporation of the Surviving Corporation (the "Surviving Corporation Certificate of Incorporation") until thereafter amended as provided therein or by Law.

(b) At the Effective Time, the amended and restated bylaws of Viacom shall be amended and restated in its entirety in the form of Exhibit B attached hereto and as so amended and restated shall be the bylaws of the Surviving Corporation (the "Surviving Corporation Bylaws") until thereafter amended as provided therein, by the Surviving Corporation Certificate of Incorporation or by Law.

SECTION 1.05. Directors and Officers. From and after the Effective Time, (a) the initial directors of the Surviving Corporation shall be the persons listed on Schedule 1.05(a), each to hold office in accordance with the Surviving Corporation Certificate of Incorporation and the Surviving Corporation Bylaws, and (b) the initial executive officers of the Surviving Corporation shall be the persons listed on Schedule 1.05(b), in each case until their respective successors are duly elected or appointed and qualified or until the earlier of their death, resignation or removal.

ARTICLE II

CONVERSION OF SECURITIES; EXCHANGE OF CERTIFICATES

SECTION 2.01. Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of Merger Sub, New Viacom, Viacom or the holders of any of the following securities:

(a) each share of class A common stock, par value \$0.01 per share, of Viacom (the "Viacom Class A Common Stock"), and each share of class B common stock, par value \$0.01 per share, of Viacom (the "Viacom Class B Common Stock," and together with the Viacom Class A Common Stock, the "Viacom Common Stock"), issued and outstanding immediately prior to the Effective

Edgar Filing: VIACOM INC - Form S-4/A

Time (other than any shares of Viacom Common Stock to be canceled pursuant to Section 2.01(b)) shall be converted automatically, subject to Section 2.02, into the right to receive (A) in the case of a share of Viacom Class A Common Stock, 0.5 of a share (the "Exchange Ratio") of class A common stock, par value \$0.001 per share, of New Viacom (the "New Viacom Class A Common Stock"), and 0.5 of a share of class A common stock, par value \$0.001 per share, of CBS (the "CBS Class A Common Stock") and (B) in the case of a share of Viacom Class B Common Stock, 0.5 of a share of class B common stock, par value \$0.001 per share, of New Viacom (the "New Viacom Class B Common Stock," and together with the New Viacom Class A Common Stock, the "New Viacom Common Stock"), and 0.5 of a share of class B common stock, par value \$0.001 per share, of CBS (the "CBS Class B Common Stock," and together with the CBS Class A Common Stock, the "CBS Common Stock") (the foregoing consideration set forth in clauses (A) and (B) above being hereinafter referred to as the "Merger Consideration"), issuable upon surrender, in the manner provided in Section 2.02, of the certificate that formerly evidenced such share of Viacom Class A Common Stock or Viacom Class B Common Stock;

(b) each share of Viacom Class A Common Stock or Viacom Class B Common Stock held in the treasury of Viacom or by any of its direct or indirect wholly owned subsidiaries immediately prior to the Effective Time shall be canceled without any conversion thereof and no payment or distribution shall be made with respect thereto;

(c) each share of common stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be canceled without any conversion thereof and no payment or distribution shall be made with respect thereto; and

(d) each share of common stock, par value \$0.001 per share, of New Viacom issued and outstanding immediately prior to the Effective Time shall be cancelled without any conversion thereof and no payment or distribution shall be made with respect thereto.

SECTION 2.02. Exchange of Certificates. (a) Exchange Agent. New Viacom and CBS, respectively, shall deposit, or shall cause to be deposited, as of the Effective Time, with Wachovia Bank, N.A. or such other bank or trust company that may be designated prior to the Effective Time by Viacom (the "Exchange Agent"), for the benefit of the holders of shares of Viacom Class A Common Stock or Viacom Class B Common Stock, for exchange in accordance with this Article II through the Exchange Agent, evidence in book-entry form representing the shares of New Viacom Common Stock and CBS Common Stock issuable pursuant to Section 2.01 (such evidence in book-entry form representing shares of New Viacom Common Stock and CBS Common Stock, together with any dividends or distributions with respect thereto, being hereinafter referred to as the "Exchange Fund"). The Exchange Agent shall, pursuant to irrevocable instructions from New Viacom and CBS, deliver to The Bank of New York, the transfer agent for New Viacom and CBS (the "Transfer Agent"), evidence in book-entry form representing the shares of New Viacom Common Stock and CBS Common Stock contemplated to be issued pursuant to Section 2.01 out of the Exchange Fund. Except as contemplated by Section 2.02(f) hereof, the Exchange Fund shall not be used for any other purpose.

(b) Exchange Procedures. As promptly as reasonably practicable after the Effective Time, the Surviving Corporation and New Viacom shall cause the Exchange Agent to mail to each person who was, at the Effective Time, a holder of record of shares of Viacom Class A Common Stock or Viacom Class B Common Stock entitled to receive the Merger Consideration pursuant to Section 2.01(a): (i) a letter of transmittal (which shall be in customary form and shall specify that delivery shall be effected, and risk of loss and title to the certificates evidencing such shares of Viacom Class A Common Stock or Viacom Class B Common Stock (the "Certificates") shall pass, only upon proper delivery of the Certificates to the Exchange Agent) and (ii) instructions for use in effecting the surrender of the Certificates pursuant to such letter of transmittal. Upon surrender to the Exchange Agent of a Certificate for cancellation, together with such letter of transmittal, duly completed and validly executed

in accordance with the instructions thereto, and such other documents as may be required pursuant to such instructions, the holder of such Certificate shall be entitled to receive in exchange therefor book-entry form credit representing that number of whole shares of New Viacom Common Stock and CBS Common Stock which such holder has the right to receive in respect of the shares of Viacom Class A Common Stock or Viacom Class B Common Stock formerly represented by such Certificate (after taking into account all shares of Viacom Class A Common Stock or Viacom Class B Common Stock then held by such holder), cash in lieu of any fractional shares of New Viacom Common Stock and CBS Common Stock to which such holder is entitled pursuant to Section 2.02(e) and any dividends or other distributions to which such holder is entitled pursuant to Section 2.02(c), and the Certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of shares of Viacom Class A Common Stock or Viacom Class B Common Stock that is not registered in the transfer records of Viacom, book-entry credit representing the proper number of shares of New Viacom Common Stock and CBS Common Stock, cash in lieu of any fractional shares of New Viacom Common Stock and CBS Common Stock to which such holder is entitled pursuant to Section 2.02(e) and any dividends or other distributions to which such holder is entitled pursuant to Section 2.02(c) may be issued to a transferee if the Certificate representing such shares of Viacom Class A Common Stock or Viacom Class B Common Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. Following the issuance of shares of New Viacom Common Stock and CBS Common Stock in book-entry form pursuant to this Agreement, each recipient of such shares will receive a direct registration system statement from the Transfer Agent, evidencing book-entry credit for shares of New Viacom Common Stock and CBS Common Stock to an account for such holder, as well as general information about the direct registration form of ownership. Until surrendered as contemplated by this Section 2.02, each Certificate shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender book-entry credit representing shares of New Viacom Common Stock and CBS Common Stock, cash in lieu of any fractional shares of New Viacom Common Stock and CBS Common Stock to which such holder is entitled pursuant to Section 2.02(e) and any dividends or other distributions to which such holder is entitled pursuant to Section 2.02(c).

(c) Distributions with Respect to Unexchanged Shares of New Viacom Common Stock and CBS Common Stock. No dividends or other distributions declared or made after the Effective Time with respect to the New Viacom Common Stock or the CBS Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificates with respect to the shares of New Viacom Common Stock and CBS Common Stock represented thereby, and no cash payment in lieu of any fractional shares shall be paid to any such holder pursuant to Section 2.02(e), until the holder of such Certificates shall surrender such Certificates. Subject to the effect of escheat, tax or other applicable Laws, following surrender of any such Certificates, there shall be paid to the holder entitled to book-entry credit representing whole shares of New Viacom Common Stock and CBS Common Stock issued in exchange therefor, without interest, (i) promptly, the amount of any cash payable with respect to a fractional share of New Viacom Common Stock or CBS Common Stock to which such holder is entitled pursuant to Section 2.02(e) and the amount of dividends or other distributions with a record date after the Effective Time and theretofore paid with respect to such whole shares of New Viacom Common Stock and CBS Common Stock, and (ii) at the appropriate payment date, the amount of dividends or other distributions, with a record date after the Effective Time but prior to surrender and a payment date occurring after surrender, payable with respect to such whole shares of New Viacom Common Stock or CBS Common Stock.

(d) No Further Rights in Viacom Common Stock. All shares of New Viacom Common Stock and CBS Common Stock issued in accordance with the terms of this Article II (including any cash paid pursuant to Section 2.02(c) or (e)) shall be deemed to have been issued in full satisfaction of all rights pertaining to the shares of Viacom Class A Common Stock or Viacom Class B Common Stock formerly represented by such Certificate.

(e) No Fractional Shares. No certificates, book-entry credit or scrip representing fractional shares of New Viacom Common Stock or CBS Common Stock shall be issued upon the surrender for exchange of Certificates, and such fractional share interests will not entitle the owner thereof to vote or to any other rights of a stockholder of New Viacom or CBS. Each holder of a fractional share interest shall be paid an amount in cash (without interest and subject to the amount of any withholding taxes as contemplated in Section 2.02(h)) determined in accordance with this Section 2.02(e). As promptly as practicable following the Effective Time, the Exchange Agent shall determine the excess of (A) the number of whole shares of New Viacom Common Stock and CBS Common Stock delivered to the Exchange Agent by New Viacom and by CBS pursuant to Section 2.02(a) representing the Merger Consideration over (B) the aggregate number of whole shares of New Viacom Common Stock and CBS Common Stock to be distributed to former holders of Viacom Class A Common Stock and Viacom Class B Common Stock pursuant to Section 2.02(b) (such excess being herein called the "Excess Shares"). Following the Effective Time, the Exchange Agent shall, on behalf of former holders of Viacom Class A Common Stock and Viacom Class B Common Stock, sell the Excess Shares at then-prevailing prices on the NYSE. The sale of the Excess Shares by the Exchange Agent shall be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent practicable. The Exchange Agent shall use reasonable efforts to complete the sale of the Excess Shares as promptly following the Effective Time as, in the Exchange Agent's sole judgment, is practicable consistent with obtaining the best execution of such sales in light of prevailing market conditions. Until the proceeds of such sale or sales, net of commissions, have been distributed to the former holders of Viacom Class A Common Stock and Viacom Class B Common Stock, the Exchange Agent shall hold such proceeds in trust for the former holders of Viacom Class A Common Stock and Viacom Class B Common Stock (the "Common Shares Trust"). The Exchange Agent shall determine the portion of the Common Shares Trust to which each former holder of Viacom Class A Common Stock and Viacom Class B Common Stock is entitled, if any, by multiplying the amount of the aggregate net proceeds comprising the Common Shares Trust by a fraction, the numerator of which is the amount of the fractional share interest to which such former holder of Viacom Class A Common Stock or Viacom Class B Common Stock is entitled (after taking into account all shares of Viacom Class A Common Stock or Viacom Class B Common Stock held at the Effective Time by such holder) and the denominator of which is the aggregate amount of fractional share interests to which all former holders of Viacom Class A Common Stock or Viacom Class B Common Stock are entitled. As promptly as practicable after the determination of the amount of cash to be paid to holders of fractional share interests, the Exchange Agent shall make available such amounts to such former holders of Viacom Class A Common Stock and Viacom Class B Common Stock, after deducting amounts required to be withheld under applicable tax Law and any applicable transfer taxes attributable to the sale of such fractional share interests, subject to and in accordance with the terms of Sections 2.02(b) and (c).

(f) Termination of Exchange Fund and Common Shares Trust. Any portion of the Exchange Fund and the Common Shares Trust that remains undistributed for six months after the Effective Time, including any interest accrued thereon, shall be delivered, upon demand, to the Surviving Corporation, in the case of the CBS Common Stock and cash payable in lieu of fractional shares of CBS Common Stock, and New Viacom, in the case of the New Viacom Common Stock and cash payable in lieu of fractional shares of New Viacom Common Stock, and any former holders of Viacom Common Stock who have not theretofore complied with this Article II shall thereafter look only (i) to the Surviving Corporation for the shares of CBS Common Stock, any cash in lieu of fractional shares of CBS Common Stock to which they are entitled pursuant to Section 2.02(e) and any dividends or other distributions with respect to the CBS Common Stock to which they are entitled pursuant to Section 2.02(c), and (ii) to New Viacom for the shares of New Viacom Common Stock, any cash in lieu of fractional shares of New Viacom Common Stock to which they are entitled pursuant to

Section 2.02(e) and any dividends or other distributions with respect to the New Viacom Common Stock to which they are entitled pursuant to Section 2.02(c).

(g) No Liability. None of the Exchange Agent, New Viacom and or the Surviving Corporation shall be liable to any holder of shares of Viacom Class A Common Stock or Viacom Class B Common Stock for any such shares (or dividends or distributions with respect thereto) or cash delivered to a public official pursuant to any abandoned property, escheat or similar Law.

(h) Withholding Rights. The Surviving Corporation, New Viacom and the Exchange Agent shall each be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of Viacom Class A Common Stock or Viacom Class B Common Stock such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign tax Law. To the extent that amounts are so withheld by the Surviving Corporation, New Viacom or the Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Viacom Class A Common Stock or Viacom Class B Common Stock in respect of which such deduction and withholding was made by the Surviving Corporation, New Viacom or the Exchange Agent.

(i) Lost Certificates. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed and the posting by such person of a bond in customary amount and upon such terms as may be required by the Surviving Corporation and New Viacom as indemnity against any claim that may be made against the Surviving Corporation or New Viacom with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate book-entry credit representing the shares of New Viacom Common Stock and CBS Common Stock, any cash in lieu of fractional shares of New Viacom Common Stock and CBS Common Stock to which the holders thereof are entitled pursuant to Section 2.02(e) and any dividends or other distributions to which the holders thereof are entitled pursuant to Section 2.02(c).

(j) Uncertificated Shares. In the case of any shares of Viacom Common Stock that are not represented by certificates, the Exchange Agent shall issue at the Effective Time the Merger Consideration to the holders of such shares without any action by such holders, and such holders shall be deemed to have surrendered Certificates in accordance with Section 2.02(b).

SECTION 2.03. Stock Transfer Books. At the Effective Time, the stock transfer books of Viacom shall be closed and there shall be no further registration or transfers of shares of Viacom Class A Common Stock or Viacom Class B Common Stock thereafter on the records of Viacom. From and after the Effective Time, the holders of Certificates representing shares of Viacom Class A Common Stock or Viacom Class B Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares, except as otherwise provided in this Agreement or by Law. On or after the Effective Time, any Certificates presented to the Exchange Agent or the Surviving Corporation for any reason shall be converted into shares of New Viacom Common Stock and CBS Common Stock, any cash in lieu of fractional shares of New Viacom Common Stock and CBS Common Stock to which the holders thereof are entitled pursuant to Section 2.02(e) and any dividends or other distributions to which the holders thereof are entitled pursuant to Section 2.02(c).

SECTION 2.04. Viacom Options and Other Stock-Based Plans. (a) As determined by the Committee or the Viacom Board, as appropriate, pursuant to its authority under the applicable Viacom Equity Compensation Plan, and except as set forth in Sections 2.04(c), 2.04(d) and 2.04(e), prior to the Effective Time, Viacom shall take such action as may be necessary to cause each grant of unexpired and unexercised options to purchase shares of Viacom Class B Common Stock held by a Current Employee that is outstanding immediately prior to the Effective Time (collectively, the "Current Employee Viacom Options") to be automatically converted at the Effective Time (i) in the case of a New Viacom Employee, into options (collectively, the "New Viacom Options") to purchase a number

of shares of New Viacom Class B Common Stock (x) equal to the number of shares of Viacom Class B Common Stock that could have been purchased (assuming full vesting) under such Current Employee Viacom Options multiplied by the New Viacom Exchange Ratio (with the result rounded down to the nearest whole number of shares of New Viacom Class B Common Stock) and (y) at an exercise price per share of New Viacom Class B Common Stock equal to the per-share exercise price of the Current Employee Viacom Options divided by the New Viacom Exchange Ratio (with the result rounded up to the nearest whole cent) and (ii) in the case of a CBS Employee, into options (collectively, the "CBS Options") to purchase a number of shares of CBS Class B Common Stock (x) equal to the number of shares of Viacom Class B Common Stock that could have been purchased (assuming full vesting) under such Current Employee Viacom Options multiplied by the CBS Exchange Ratio (with the result rounded down to the nearest whole number of shares of CBS Class B Common Stock) and (y) at an exercise price per share of CBS Class B Common Stock equal to the per-share exercise price of the Current Employee Viacom Options divided by the CBS Exchange Ratio (with the result rounded up to the nearest whole cent).

(b) As determined by the Committee or the Viacom Board, as appropriate, pursuant to its authority under the applicable Viacom Equity Compensation Plan, and except as set forth in Sections 2.04(c), 2.04(d) and 2.04(e), prior to the Effective Time, Viacom shall take such action as may be necessary to cause each grant of unexpired and unexercised options to purchase shares of Viacom Class B Common Stock held by a Former Employee that is outstanding immediately prior to the Effective Time (collectively, the "Former Employee Viacom Options") to be automatically converted at the Effective Time into options (collectively, the "Former Employee CBS Options") to purchase a number of shares of CBS Class B Common Stock (x) equal to the number of shares of Viacom Class B Common Stock that could have been purchased (assuming full vesting) under such Former Employee Viacom Options multiplied by the CBS Exchange Ratio (with the result rounded down to the nearest whole number of shares of CBS Class B Common Stock) and (y) at an exercise price per share of CBS Class B Common Stock equal to the per-share exercise price of the Former Employee Viacom Options divided by the CBS Exchange Ratio (with the result rounded up to the nearest whole cent).

(c) As determined by the Committee or the Viacom Board, as appropriate, pursuant to its authority under the applicable Viacom Equity Compensation Plan, prior to the Effective Time, Viacom shall take such action as may be necessary to cause each grant of unexpired and unexercised options to purchase Viacom Class B Common Stock held by a Joint Employee that is outstanding immediately prior to the Effective Time (collectively, the "Joint Employee Viacom Options") to be automatically converted at the Effective Time into (i) options (collectively, the "Joint Employee CBS Options") to purchase a number of shares of CBS Class B Common Stock (x) equal to the number of shares of Viacom Class B Common Stock that could have been purchased (assuming full vesting) under the Joint Employee Viacom Options included in such grant multiplied by the Combined Exchange Ratio (with the result rounded down to the nearest whole number of shares) and (y) at an exercise price per share of CBS Class B Common Stock equal to the per-share exercise price of the applicable Joint Employee Viacom Options divided by the CBS Exchange Ratio (with the result rounded up to the nearest whole cent) and (ii) options (collectively, the "Joint Employee New Viacom Options") to purchase a number of shares of New Viacom Class B Common Stock (x) equal to the number of shares of Viacom Class B Common Stock that could have been purchased (assuming full vesting) under the Joint Employee Viacom Options included in such grant multiplied by the Combined Exchange Ratio (with the result rounded down to the nearest whole number of shares) and (y) at an exercise price per share of New Viacom Class B Common Stock equal to the per-share exercise price of the applicable Joint Employee Viacom Options divided by the New Viacom Exchange Ratio (with the result rounded up to the nearest whole cent).

(d) As determined by the Committee or the Viacom Board, as appropriate, pursuant to its authority under the applicable Viacom Equity Compensation Plan, and in accordance with the

treatment for warrants provided under such Viacom Equity Compensation Plan in the event of a merger, prior to the Effective Time, Viacom shall take such action as may be necessary to cause the warrants to purchase shares of Viacom Class B Common Stock identified on Schedule 2.04(d) (the "Viacom Warrants") and, together with the Current Employee Viacom Options, the Former Employee Viacom Options and the Joint Employee Viacom Options, the "Viacom Options") to be automatically converted at the Effective Time into warrants as follows:

(i) warrants (the "CBS Merger Consideration Warrants"), to purchase a number of shares of CBS Class B Common Stock equal to 0.5 multiplied by the number of shares of Viacom Class B Common Stock that could have been purchased (assuming full vesting) under the Viacom Warrants (with the result rounded down to the nearest whole number of shares of CBS Class B Common Stock);

(ii) warrants (the "New Viacom Merger Consideration Warrants" and together with the New Viacom Options, the CBS Options, the Former Employee CBS Options, the Joint Employee CBS Options, the Joint Employee New Viacom Options and the CBS Merger Consideration Warrants, the "Substituted Options"), to purchase a number of shares of New Viacom Class B Common Stock equal to 0.5 multiplied by the number of shares of Viacom Class B Common Stock that could have been purchased (assuming full vesting) under the Viacom Warrants (with the result rounded down to the nearest whole number of shares of New Viacom Class B Common Stock); and

(iii) the exercise prices of the CBS Merger Consideration Warrants and the New Viacom Merger Consideration Warrants will be adjusted to take account of the CBS Stock Value and the New Viacom Stock Value.

(e) Except as otherwise provided in this Agreement, each Substituted Option shall be subject to the same terms and conditions as were applicable to the corresponding Viacom Option. Each CBS Option, Joint Employee CBS Option, Former Employee CBS Option and CBS Merger Consideration Warrant shall remain outstanding under and continue to be governed by the applicable Viacom Equity Compensation Plan and the option or warrant agreement pursuant to which the corresponding Viacom Option was granted. From and after the Effective Time, all references to Viacom in the Viacom Equity Compensation Plans pursuant to which the Viacom Options were granted and/or the applicable option or warrant agreements and prospectuses issued thereunder shall be deemed to refer to the Surviving Corporation. The New Viacom Options, Joint Employee New Viacom Options and New Viacom Merger Consideration Warrants shall be substitute options and warrants under the new equity compensation plans to be adopted by New Viacom prior to and with effect as of the Effective Time, but the terms and conditions of the New Viacom Options, Joint Employee New Viacom Options and New Viacom Merger Consideration Warrants shall continue to be as set forth in the plans and/or option and warrant agreements under which they were originally issued. The adjustments provided for in this Section 2.04 shall be effected in a manner intended to comply with the requirements of Section 409A of the Code and Section 424(a) of the Code.

(f) Except as provided in Section 2.05, as of the Effective Time (i) each employee or director deferral, director common stock equivalent or other phantom equity-based compensation award that references Viacom Class B Common Stock (each, a "Viacom Share Unit Award") that was awarded under a former CBS Corporation plan or former CBS Corporation predecessor plan (other than former CBS Corporation plans or former CBS Corporation predecessor plans that are 401(k) plans or that mirror investments in 401(k) plans) and was deferred or earned prior to the Effective Time will be deemed to reference a number of shares of CBS Class B Common Stock determined by multiplying the number of shares of Viacom Class B Common Stock included in such Viacom Share Unit Award by the CBS Exchange Ratio and (ii) each Viacom Share Unit Award that was awarded under a Viacom plan and was deferred or earned prior to the Effective Time will be deemed to reference (A) a number

of shares of New Viacom Class A Common Stock or New Viacom Class B Common Stock, as applicable, equal to 0.5 multiplied by the number of shares of Viacom Class A Common Stock or Viacom Class B Common Stock, as the case may be, included in such Viacom Share Unit Award and (B) a number of shares of CBS Class A Common Stock or CBS Class B Common Stock, as applicable, equal to 0.5 multiplied by the number of shares of Viacom Class A Common Stock or Viacom Class B Common Stock, as the case may be, included in such Viacom Share Unit Award.

SECTION 2.05. Restricted Stock Units. (a) As determined by the Committee or the Viacom Board, as appropriate, pursuant to its authority under the applicable Viacom Equity Compensation Plan, and except as set forth in Sections 2.05(c) and 2.05(d), prior to the Effective Time, Viacom shall take such action as may be necessary to cause all unexpired and unsettled restricted stock units of Viacom Class B Common Stock held by a Current Employee that are outstanding immediately prior to the Effective Time (collectively, the "Current Employee Viacom RSUs") to be automatically converted at the Effective Time (i) in the case of a New Viacom Employee, into a number of restricted stock units (collectively, the "New Viacom RSUs") of New Viacom Class B Common Stock equal to the number of shares of Viacom Class B Common Stock that would have been received (assuming full vesting) under such Current Employee Viacom RSUs multiplied by the New Viacom Exchange Ratio (with the result rounded down to the nearest whole number of shares of New Viacom Class B Common Stock) and (ii) in the case of a CBS Employee, into a number of restricted stock units (collectively, the "CBS RSUs") of CBS Class B Common Stock equal to the number of shares of Viacom Class B Common Stock that would have been received (assuming full vesting) under such Current Employee Viacom RSUs multiplied by the CBS Exchange Ratio (with the result rounded down to the nearest whole number of shares of CBS Class B Common Stock).

(b) As determined by the Committee or the Viacom Board, as appropriate, pursuant to its authority under the applicable Viacom Equity Compensation Plan, and except as set forth in Sections 2.05(c) and 2.05(d), prior to the Effective Time, Viacom shall take such action as may be necessary to cause all unexpired and unsettled restricted stock units of Viacom Class B Common Stock held by a Former Employee that are outstanding immediately prior to the Effective Time (collectively, the "Former Employee Viacom RSUs") to be automatically converted at the Effective Time into a number of restricted stock units (collectively, the "Former Employee CBS RSUs") of CBS Class B Common Stock equal to the number of shares of Viacom Class B Common Stock that would have been received (assuming full vesting) under such Current Employee Viacom RSUs multiplied by the CBS Exchange Ratio (with the result rounded down to the nearest whole number of shares of CBS Class B Common Stock).

(c) As determined by the Committee or the Viacom Board, as appropriate, pursuant to its authority under the applicable Viacom Equity Compensation Plan, prior to the Effective Time, Viacom shall take such action as may be necessary to cause all unexpired and unsettled restricted stock units of Viacom Class B Common Stock held by a Joint Employee that are outstanding immediately prior to the Effective Time (collectively, the "Joint Employee Viacom RSUs" and, together with the Current Employee Viacom RSUs and the Former Employee Viacom RSUs, the "Viacom RSUs") to be automatically converted at the Effective Time (i) into a number of restricted stock units (collectively, the "Joint Employee CBS RSUs") of CBS Class B Common Stock equal to the number of shares of Viacom Class B Common Stock that would have been received (assuming full vesting) under such Joint Employee Viacom RSUs multiplied by the Combined Exchange Ratio (with the result rounded down to the nearest whole number of shares of CBS Class B Common Stock) and (ii) a number of restricted stock units (collectively, the "Joint Employee New Viacom RSUs" and, together with the New Viacom RSUs, the CBS RSUs, the Former Employee CBS RSUs and the Joint Employee CBS RSUs, the "Substituted RSUs") of New Viacom Class B Common Stock equal to the number of shares of Viacom Class B Common Stock that would have been received (assuming full vesting) under such Joint

Employee Viacom RSUs multiplied by the Combined Exchange Ratio (with the result rounded down to the nearest whole number of shares of New Viacom Class B Common Stock).

(d) Except as otherwise provided in this Agreement, each Substituted RSU shall be subject to the same terms and conditions as were applicable to the corresponding Viacom RSU. Each CBS RSU, Former Employee CBS RSU and Joint Employee CBS RSU shall remain outstanding under and continue to be governed by the applicable Viacom Equity Compensation Plan and the restricted stock unit agreement pursuant to which the corresponding Viacom RSU was granted. From and after the Effective Time, all references to Viacom in the Viacom Equity Compensation Plans pursuant to which the Viacom RSUs were granted and the applicable restricted stock unit agreements and prospectuses issued thereunder shall be deemed to refer to the Surviving Corporation. The New Viacom RSUs and Joint Employee New Viacom RSUs shall be substitute restricted stock units under the new equity compensation plans to be adopted by New Viacom prior to the Effective Time, but the terms and conditions of the New Viacom RSUs and Joint Employee New Viacom RSUs shall continue to be as set forth in the plans and restricted stock unit agreements under which they were originally issued. The adjustments provided for in this Section 2.05 shall be effected in a manner intended to comply with the requirements of Section 409A of the Code.

SECTION 2.06. Registration and Rule 16b-3 Exemption. (a) As soon as practicable after the Effective Time, the shares of New Viacom Class B Common Stock subject to New Viacom Options, Joint Employee New Viacom Options, New Viacom Merger Consideration Warrants, New Viacom RSUs and Joint Employee New Viacom RSUs and the shares of CBS Class B Common Stock subject to CBS Options, Former Employee CBS Options, Joint Employee CBS Options, CBS Merger Consideration Warrants, CBS RSUs, Former Employee CBS RSUs and Joint Employee CBS RSUs will be covered by an effective registration statement on Form S-8 (or any successor or other appropriate form) to the extent such registration is required under applicable Law, and New Viacom or the Surviving Corporation, as applicable, shall use its reasonable efforts to maintain the effectiveness of such registration statement for so long as New Viacom Options, Joint Employee New Viacom Options, New Viacom Merger Consideration Warrants, New Viacom RSUs or Joint Employee New Viacom RSUs, or CBS Options, Former Employee CBS Options, Joint Employee CBS Options, CBS Merger Consideration Warrants, CBS RSUs, Former Employee CBS RSUs or Joint Employee CBS RSUs, as applicable, remain outstanding.

(b) Prior to the Effective Time, Viacom and New Viacom shall take all steps reasonably necessary to cause the transactions contemplated by this Agreement and any other dispositions of equity securities of Viacom (including derivative securities) or acquisitions of CBS or New Viacom equity securities (including derivative securities) in connection with this Agreement by each individual who (i) is a director or executive officer of Viacom or (ii) at the Effective Time, will become a director or executive officer of New Viacom or the Surviving Corporation, to be exempt under Rule 16b-3 promulgated under the Exchange Act, such steps to be consistent with then-current interpretive letters or rules and regulations of the Securities and Exchange Commission (the "SEC").

SECTION 2.07. No Appraisal Rights/Dissenting Shares. In accordance with Section 262 of the DGCL, no appraisal rights shall be available to holders of shares of Viacom Common Stock in connection with the Merger.

SECTION 2.08. Affiliates. Notwithstanding anything to the contrary herein, no Merger Consideration shall be issued to a person who may be deemed an "affiliate" of Viacom or Merger Sub for purposes of Rule 145 under the Securities Act until such person has executed and delivered to the Viacom Board and the board of directors of New Viacom an executed copy of the letter in the form attached hereto as Exhibit C.

ARTICLE III

PLAN OF REORGANIZATION

SECTION 3.01. Plan of Reorganization. This Agreement is intended to constitute, and is hereby adopted as, a "plan of reorganization" for purposes of Section 368 of the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder.

ARTICLE IV

CONDITIONS TO THE MERGER

SECTION 4.01. Conditions to the Obligations of Each Party. The obligations of the parties hereto to consummate the Merger are subject to the satisfaction or waiver (where permissible) in the sole discretion of Viacom of the following conditions prior to the Effective Time:

(a) Registration Statement. The registration statement on Form S-4 (the "Registration Statement") registering the shares of New Viacom Common Stock and CBS Common Stock to be issued in the Merger shall have been declared effective by the SEC under the Securities Act and there is no stop order in effect with respect to the Registration Statement and no proceedings for that purpose shall have been initiated by the SEC.

(b) No Order. No federal, state, local or foreign government, governmental, regulatory or administrative authority, agency, instrumentality or commission or any court, tribunal or judicial or arbitral body, shall have enacted, issued, promulgated, enforced or entered any Law which is then in effect and has the effect of making the Merger illegal or otherwise prohibiting consummation of the Merger.

(c) NYSE Listing. The shares of New Viacom Class A and Class B Common Stock and CBS Class A and Class B Common Stock to be issued in the Merger shall have been authorized for listing by the NYSE, subject to official notice of issuance.

(d) Securities Laws. Any necessary actions and filings with regard to any applicable federal and state securities Laws shall have been taken and, where applicable, shall have become effective or been accepted.

(e) Ancillary Agreements. The Separation Agreement, the Transition Services Agreement, the Tax Matters Agreement and the License Agreements shall have been duly executed and delivered by the parties thereto.

(f) Stockholder Approval. The stockholders of Viacom shall have adopted this Agreement in accordance with the DGCL.

(g) Tax Opinion. Viacom shall have received the opinion of Paul, Weiss, Rifkind, Wharton and Garrison LLP, tax counsel to Viacom, and/or a private letter ruling from the Internal Revenue Service, (i) in each case, to the effect that, for U.S. federal income tax purposes, except as qualified in such opinion or ruling, the Merger and distribution of New Viacom Common Stock in the Merger will generally qualify as a tax-free distribution under Sections 355 and 368 of the Code and the distribution of CBS Common Stock in the Merger will also generally be tax-free to Viacom and its stockholders, and (ii) containing any other assurances as to tax matters relating to the Separation as the Viacom Board shall deem appropriate, which opinion shall not have been withdrawn or modified in any material respect. In rendering such opinion, Paul, Weiss, Rifkind, Wharton and Garrison LLP may require and rely upon representations contained in certificates of officers of Viacom.

(h) Regulatory Matters. Viacom shall have received the consent of the Federal Communications Commission (the "FCC") to transfer control of New Viacom and any subsidiary of New Viacom that holds FCC licenses as contemplated by this Agreement, and such consent shall be in full force and effect.

ARTICLE V

TERMINATION, AMENDMENT AND WAIVER

SECTION 5.01. Termination. This Agreement may be terminated and the Merger and the other transactions contemplated hereby may be abandoned at any time prior to the Effective Time by Viacom for any reason in its sole discretion, notwithstanding any requisite adoption of this Agreement by the stockholders of Viacom.

SECTION 5.02. Effect of Termination. In the event of the termination of this Agreement pursuant to Section 5.01, this Agreement shall immediately become void, and there shall be no liability under this Agreement on the part of any party hereto with respect to the transactions contemplated hereby.

SECTION 5.03. Amendment. This Agreement may be amended by the parties hereto by action taken by or on behalf of their respective boards of directors at any time prior to the Effective Time; provided, however, that after the adoption of this Agreement by the stockholders of Viacom, no amendment may be made that would require the approval of Viacom's stockholders unless such approval is obtained. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

SECTION 5.04. Waiver. At any time prior to the Effective Time, any party hereto may (a) extend the time for the performance of any obligation or other act of any other party hereto and (b) waive compliance with any agreement of any other party or any condition to its own obligations contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby.

ARTICLE VI

GENERAL PROVISIONS

SECTION 6.01. Non-Survival of Representations, Warranties and Agreements. The representations, warranties and agreements in this Agreement and in any certificate delivered pursuant hereto shall terminate at the Effective Time or upon the termination of this Agreement pursuant to Section 5.01, as the case may be, except that the agreements set forth in Articles I and II and this Article VI shall survive the Effective Time.

SECTION 6.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by telecopy or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 6.02):

if to Merger Sub, New Viacom or Viacom:

Viacom Inc.
1515 Broadway
New York, New York 10036
Facsimile No: (212) 258-6099
Attention: Michael D. Fricklas

Edgar Filing: VIACOM INC - Form S-4/A

with a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Facsimile No: (212) 848-7179
Attention: Creighton O'M. Condon
Christa A. D'Alimonte

if to CBS:

CBS Corporation
51 West 52nd Street
New York, New York 10019
Facsimile No: (212) 975-4215
Attention: Louis J. Briskman

with a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Facsimile No. (212) 310-8007
Attention: Howard Chatzinoff
Michael E. Lubowitz

SECTION 6.03. Certain Definitions. (a) For purposes of this Agreement:

"Approved Leave of Absence" means an absence from active service (i) due to an individual's inability to perform his or her regular job duties by reason of illness or injury and resulting in eligibility to receive benefits pursuant to the terms of the Viacom Short-Term Disability Plan or the Viacom Long-Term Disability Plan, or (ii) pursuant to an approved leave policy with a guaranteed right of reinstatement.

"CBS Employee" means a Current Employee who shall be an employee, consultant or director of the Surviving Corporation or a subsidiary of the Surviving Corporation immediately following the Effective Time.

"CBS Exchange Ratio" means the quotient obtained by dividing the Viacom Stock Value by the CBS Stock Value.

"CBS Stock Value" means the "fair value" of the CBS Class B Common Stock as listed on the NYSE immediately following the Effective Time, as determined pursuant to accounting principles generally accepted in the United States.

"Combined Exchange Ratio" means the quotient obtained by dividing (i) the Viacom Stock Value by (ii) the sum of the CBS Stock Value and the New Viacom Stock Value.

"Committee" means the compensation committee of the Viacom Board.

"control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, or as trustee or executor, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, as trustee or executor, by contract or credit arrangement or otherwise.

"Current Employee" means an individual who is an employee, consultant or director of Viacom or a subsidiary of Viacom (including individuals who are on an Approved Leave of Absence from Viacom or a subsidiary of Viacom) immediately prior to the Effective Time.

"Effective Date" means the date on which the Effective Time occurs.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Former Employee" means an individual who (i) terminated service as an employee, consultant or director with Viacom and its subsidiaries prior to or at the Effective Date and (ii) is not a New Viacom Employee or CBS Employee immediately after the Effective Time.

"Joint Employee" means an individual who shall, immediately following the Effective Time, be an employee, consultant or director of both (i) the Surviving Corporation or a subsidiary of the Surviving Corporation and (ii) New Viacom or a subsidiary of New Viacom.

"Law" means any United States or non-United States statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree or other order.

"License Agreements" means the license agreements between any member of the CBS Group (as defined in the Separation Agreement), on the one hand, and any member of the New Viacom Group (as defined in the Separation Agreement), on the other hand, as more fully set forth in the Separation Agreement.

"New Viacom Employee" means a Current Employee who shall be an employee, consultant or director of New Viacom or a subsidiary of New Viacom immediately following the Effective Time.

"New Viacom Exchange Ratio" means the quotient obtained by dividing the Viacom Stock Value by the New Viacom Stock Value.

"New Viacom Stock Value" means the "fair value" of the New Viacom Class B Common Stock as listed on the NYSE immediately following the Effective Time, as determined pursuant to accounting principles generally accepted in the United States.

"person" means an individual, corporation, partnership, limited partnership, limited liability company, syndicate, person (including, without limitation, a "person" as defined in Section 13(d)(3) of the Exchange Act), trust, association or entity or government, political subdivision, agency or instrumentality of a government.

"Securities Act" means the Securities Act of 1933, as amended.

"Separation Agreement" means the Separation Agreement to be entered into as of the Effective Date between Viacom and New Viacom substantially in the form attached hereto as Exhibit D.

"subsidiary" or "subsidiaries" of any person means any entity controlled by such person, directly or indirectly, through one or more intermediaries.

"Tax Matters Agreement" means the Tax Matters Agreement to be entered into as of the Effective Date between Viacom and New Viacom substantially in the form attached hereto as Exhibit E.

"Transition Services Agreement" means the Transition Services Agreement to be entered into as of the Effective Date between Viacom and New Viacom in the form to be agreed by Viacom and New Viacom.

"Viacom Equity Compensation Plan" means any of the plans, programs, and agreements set forth on Schedule 6.03(a), and any other equity-based compensation plan of Viacom, each as in effect as of the date of this Agreement.

Edgar Filing: VIACOM INC - Form S-4/A

"Viacom Stock Value" means the "fair value" of the Viacom Class B Common Stock as listed on the NYSE immediately prior to the Effective Time, as determined pursuant to accounting principles generally accepted in the United States.

(b)

The following terms have the meaning set forth in the Sections set forth below:

Defined Term	Location of Definition
Action	§6.07
Agreement	Preamble
CBS	Recitals
CBS Class A Common Stock	§ 2.01(a)
CBS Class B Common Stock	§ 2.01(a)
CBS Common Stock	§ 2.01(a)
CBS Merger Consideration Warrants	§ 2.04(d)
CBS Options	§ 2.04(a)
CBS RSUs	§ 2.05(a)
Certificate of Merger	§ 1.02
Certificates	§ 2.02(b)
Closing	§ 1.02
Code	Recitals
Common Shares Trust	§ 2.02(e)
Current Employee Viacom Options	§ 2.04(a)
Current Employee Viacom RSUs	§ 2.05(a)
DGCL	Recitals
Effective Time	§ 1.02
Excess Shares	§ 2.02(e)
Exchange Agent	§ 2.02(a)
Exchange Fund	§ 2.02(a)
Exchange Ratio	§ 2.01(a)
FCC	§ 4.01(h)
Former Employee CBS Options	§ 2.04(b)
Former Employee CBS RSUs	§ 2.05(b)
Former Employee Viacom Options	§ 2.04(b)
Former Employee Viacom RSUs	§ 2.05(b)
Joint Employee CBS Option	§ 2.04(c)
Joint Employee CBS RSU	§ 2.05(c)
Joint Employee New Viacom Option	§ 2.04(c)
Joint Employee New Viacom RSU	§ 2.05(c)
Joint Employee Viacom Option	§ 2.04(c)
Joint Employee Viacom RSU	§ 2.05(c)
Merger	Recitals
Merger Consideration	§ 2.01(a)
Merger Sub	Preamble
New Viacom	Preamble
New Viacom Class A Common Stock	§ 2.01(a)
New Viacom Class B Common Stock	§ 2.01(a)
New Viacom Common Stock	§ 2.01(a)
New Viacom Merger Consideration Warrants	§ 2.04(d)
New Viacom Options	§ 2.04(a)
New Viacom RSUs	§ 2.05(a)
NYSE	§ 2.02(e)

Edgar Filing: VIACOM INC - Form S-4/A

Registration Statement	§ 4.01(a)
SEC	§ 2.06(b)
Separation	Recitals
Substituted Options	§ 2.04(d)
Substituted RSUs	§ 2.05(c)
Surviving Corporation	§ 1.01
Surviving Corporation Bylaws	§ 1.04(b)
Surviving Corporation Certificate of Incorporation	§ 1.04(a)
Transfer Agent	§ 2.02(a)
Viacom	Preamble
Viacom Board	Recitals
Viacom Class A Common Stock	§ 2.01(a)
Viacom Class B Common Stock	§ 2.01(a)
Viacom Common Stock	§ 2.01(a)
Viacom Options	§ 2.04(d)
Viacom RSUs	§ 2.05(c)
Viacom Share Unit Award	§ 2.04(g)
Viacom Warrants	§ 2.04(d)

SECTION 6.04. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

SECTION 6.05. Entire Agreement; Assignment. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof. This Agreement shall not be assigned (whether pursuant to a merger, by operation of Law or otherwise) without the consent of the other parties hereto, provided that no such assignment shall relieve the assigning party of its obligations hereunder if such assignee does not perform such obligations.

SECTION 6.06. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 6.07. Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Delaware applicable to contracts executed in and to be performed in that state. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined exclusively in any Delaware state or federal court. The parties hereto hereby (a) submit to the exclusive jurisdiction of any Delaware state or federal court for the purpose of any litigation, suit, claim, action, proceeding or investigation ("Action") arising out of or relating to this Agreement brought by any party hereto, and (b) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the Action is brought in an inconvenient forum, that the venue of the Action is

improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts.

SECTION 6.08. Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 6.09. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement.

SECTION 6.10. Waiver of Jury Trial. Each of the parties hereto hereby waives to the fullest extent permitted by applicable Law any right it may have to a trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Agreement or the transactions contemplated hereby. Each of the parties hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other hereto have been induced to enter into this Agreement and the transactions contemplated hereby, as applicable, by, among other things, the mutual waivers and certifications in this Section 6.10.

Edgar Filing: VIACOM INC - Form S-4/A

IN WITNESS WHEREOF, Viacom, New Viacom and Merger Sub have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

VIACOM INC.

By: /s/ MICHAEL D. FRICKLAS

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

NEW VIACOM CORP.

By: /s/ THOMAS E. FRESTON

Name: Thomas E. Freston
Title: President and Chief Executive Officer

VIACOM MERGER SUB INC.

By: /s/ MICHAEL J. DOLAN

Name: Michael J. Dolan
Title: President and Treasurer
A-18

FORM OF SURVIVING CORPORATION CERTIFICATE OF INCORPORATION

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
CBS CORPORATION**

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

ARTICLE I

NAME

The name of this Corporation is CBS Corporation.

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").

Edgar Filing: VIACOM INC - Form S-4/A

(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 Viacom Inc., (i) neither the Corporation nor Viacom Inc. 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 Viacom Inc. 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 Viacom Inc., 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 Viacom Inc. (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 Viacom Inc. or (B) does not communicate information regarding such Opportunity to the Corporation because the Interested Person has directed the Opportunity to Viacom Inc., and

(ii) such Interested Person may present such Opportunity to either the Corporation or to Viacom Inc. 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 Viacom Inc. 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) "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 Viacom Inc.

(b) "Corporation" shall mean CBS Corporation 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.

(c) "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 Viacom Inc.

(d) "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.

(e) "Viacom Inc." shall mean Viacom Inc. (formerly named "New Viacom Corp.") 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.

(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.

FORM OF SURVIVING CORPORATION BYLAWS

**AMENDED AND RESTATED
BYLAWS
OF
CBS CORPORATION**

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 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, assignation 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.

REGISTERED STOCKHOLDERS

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.

SEAL

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.

FORM OF AFFILIATE LETTER

[] [], 2005

Viacom Inc. (to be renamed "CBS Corporation")
Board of Directors
51 West 52nd Street
New York, New York 10019

New Viacom Corp. (to be renamed "Viacom Inc.")
Board of Directors
1515 Broadway
New York, New York 10036

Ladies and Gentlemen:

I have been advised that as of the date of this letter I may be deemed to be an "affiliate" of Viacom Inc. ("Viacom") or Viacom Merger Sub Inc., a Delaware corporation ("Merger Sub"), as the term "affiliate" is defined for purposes of paragraphs (c) and (d) of Rule 145 of the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"). Pursuant to the terms of the Agreement and Plan of Merger, dated as of November [], 2005 (the "Merger Agreement"), among Viacom, New Viacom Corp., a Delaware corporation ("New Viacom"), and Merger Sub, Merger Sub will be merged with and into Viacom (the "Merger"). Capitalized terms used in this letter agreement without definition shall have the meanings assigned to them in the Merger Agreement.

As a result of the Merger, I may receive shares of New Viacom Common Stock and/or CBS Common Stock. I would receive such shares of New Viacom Common Stock and CBS Common Stock in exchange for shares (or upon exercise of options for shares or upon the settlement of restricted stock units) owned by me of Viacom Common Stock.

1. I represent, warrant and covenant to Viacom and New Viacom that in the event I receive any shares of New Viacom Common Stock and CBS Common Stock as a result of the Merger:

A. I shall not make any sale, transfer or other disposition of the shares of New Viacom Common Stock or CBS Common Stock in violation of the Act or the Rules and Regulations.

B. I have carefully read this letter and the Merger Agreement and discussed the requirements of such documents and other applicable limitations upon my ability to sell, transfer or otherwise dispose of the shares of New Viacom Common Stock and CBS Common Stock, to the extent I felt necessary, with my counsel or counsel for Viacom.

C. I have been advised that the issuance of the shares of New Viacom Common Stock and CBS Common Stock to me pursuant to the Merger has been registered with the Commission under the Act on a Registration Statement on Form S-4. However, I have also been advised that, because at the time the Merger is submitted for approval by the stockholders of Viacom, (a) I may be deemed to be an affiliate of Viacom or Merger Sub and (b) the distribution by me of the shares of New Viacom Common Stock and CBS Common Stock has not been registered under the Act, I may not sell, transfer or otherwise dispose of the shares of New Viacom Common Stock or CBS Common Stock issued to me in the Merger unless (i) such sale, transfer or other disposition is made in conformity with the volume and other limitations of Rule 145 promulgated by the Commission under the Act, (ii) such sale, transfer or other disposition has been registered under

the Act or (iii) in the opinion of counsel reasonably acceptable to New Viacom, in the case of the New Viacom Common Stock, and CBS, in the case of the CBS Common Stock, such sale, transfer or other disposition is otherwise exempt from registration under the Act.

D. I understand that New Viacom and CBS are under no obligation to register the sale, transfer or other disposition of the shares of New Viacom Common Stock or CBS Common Stock, as the case may be, by me or on my behalf under the Act or to take any other action necessary in order to make compliance with an exemption from such registration available.

E. I understand that there will be placed on the book-entry account for the shares of New Viacom Common Stock and CBS Common Stock issued to me, or any substitutions therefor, a legend stating in substance:

"THESE SHARES WERE ISSUED IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933 APPLIES. THE SHARES MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT DATED [], 2005 AMONG THE REGISTERED HOLDER, VIACOM (TO BE RENAMED CBS CORPORATION) AND NEW VIACOM (TO BE RENAMED VIACOM INC.), A COPY OF WHICH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICES OF CBS CORPORATION AND VIACOM INC."

F. I understand that unless a sale or transfer is made in conformity with the provisions of Rule 145, or pursuant to a registration statement, Viacom reserves the right to put the following legend on the book-entry account of my transferee:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND WERE ACQUIRED FROM A PERSON WHO RECEIVED SUCH SHARES IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933 APPLIES. THE SHARES HAVE BEEN ACQUIRED BY THE HOLDER NOT WITH A VIEW TO, OR FOR RESALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF WITHIN THE MEANING OF THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933."

Edgar Filing: VIACOM INC - Form S-4/A

G. Execution of this letter should not be considered an admission on my part that I am an "affiliate" of Viacom or Merger Sub as described in the first paragraph of this letter, nor as a waiver of any rights I may have to object to any claim that I am such an affiliate on or after the date of this letter.

Very truly yours,

Name:

Agreed and accepted this [] day
of [], 2005, by

VIACOM INC.
(to be renamed CBS Corporation)

By: _____

Name:
Title:

NEW VIACOM CORP.
(to be renamed Viacom Inc.)

By: _____

Name:
Title:

A-43

SEPARATION AGREEMENT

by and between

VIACOM INC.

and

NEW VIACOM CORP.

Dated as of December [], 2005

TABLE OF CONTENTS

ARTICLE I DEFINITIONS		B-2
Section 1.01	Certain Defined Terms	B-2
ARTICLE II THE SEPARATION		B-19
Section 2.01	Transfer of Assets	B-19
Section 2.02	Assumption of Liabilities	B-20
Section 2.03	Mixed Contracts	B-21
Section 2.04	Intercompany Accounts	B-21
Section 2.05	Substitution of Obligors	B-21
Section 2.06	Transfer Documents	B-25
Section 2.07	Ancillary Agreements	B-26
Section 2.08	Special Dividend	B-26
Section 2.09	Conduct of Business Following the Separation	B-28
Section 2.10	Disclaimer of Representations and Warranties	B-29
Section 2.11	Deferred Transfers	B-30
Section 2.12	Transfers of Assets or Liabilities Following the Separation	B-31
Section 2.13	Corporate Names; Trademarks	B-31
Section 2.14	Office of the Chairman	B-31
ARTICLE III CONFIDENTIALITY; EXCHANGE OF INFORMATION		B-32
Section 3.01	Ownership of Information	B-32
Section 3.02	Restrictions on Disclosure of Information	B-32
Section 3.03	Disclosure of Information	B-33
Section 3.04	Access to Information	B-33
Section 3.05	Record Retention	B-34
Section 3.06	Information Relating to Certain Taxes	B-35
Section 3.07	Witness Services	B-35
Section 3.08	Privileged Matters	B-35
ARTICLE IV FINANCIAL AND OTHER INFORMATION		B-37
Section 4.01	Financial and Other Information	B-37
Section 4.02	Sarbanes-Oxley Section 404 Compliance	B-40
ARTICLE V INSURANCE		B-40
Section 5.01	Insurance Matters	B-40
Section 5.02	Captive Insurance and Reinsurance Companies	B-46
Section 5.03	Claims Made Policies.	B-46
Section 5.04	Miscellaneous.	B-47
ARTICLE VI EMPLOYEE MATTERS		B-47
Section 6.01	Defined Benefit Pension Plans	B-47
Section 6.02	401(k) Plans	B-52
Section 6.03	Executive Benefit Plans	B-53
Section 6.04	Welfare Plans	B-54
Section 6.05	Employment Agreements	B-59
Section 6.06	Non-U.S. Benefit Plans	B-59
Section 6.07	Equity-Based Plans	B-59
Section 6.08	Employee Benefit Plan Participation	B-60
Section 6.09	Fees, Rebates and Performance Guarantees	B-60
Section 6.10	General and Administrative	B-60
Section 6.11	Viacom Plus	B-61

ARTICLE VII INTELLECTUAL PROPERTY MATTERS		B-61
Section 7.01	Intellectual Property Matters	B-61
ARTICLE VIII LEGAL MATTERS		B-62
Section 8.01	Control of Legal Matters	B-62
Section 8.02	Claims Against Third Parties	B-63
Section 8.03	Retention of Counsel	B-63
Section 8.04	Notice to Third Parties; Service of Process; Cooperation	B-63
Section 8.05	Applicability	B-64
ARTICLE IX INDEMNIFICATION		B-64
Section 9.01	Indemnification by New Viacom	B-64
Section 9.02	Indemnification by CBS	B-64
Section 9.03	Adjustments to Indemnification Obligations	B-65
Section 9.04	Contribution	B-65
Section 9.05	Characterization of Payments	B-65
Section 9.06	Notice of Loss; Third Party Claims	B-66
Section 9.07	Remedies	B-67
Section 9.08	Tax Matters	B-67
Section 9.09	Additional Matters	B-67
Section 9.10	Survival of Indemnities	B-67
ARTICLE X DISPUTE RESOLUTION		B-67
Section 10.01	Disputes	B-67
Section 10.02	Dispute Resolution	B-68
Section 10.03	Continuity of Service and Performance	B-69
ARTICLE XI FURTHER ASSURANCES		B-69
Section 11.01	Further Assurances	B-69
ARTICLE XII TERMINATION		B-69
Section 12.01	Termination	B-69
Section 12.02	Effect of Termination	B-69
Section 12.03	Amendment	B-69
Section 12.04	Waiver	B-69
ARTICLE XIII MISCELLANEOUS		B-70
Section 13.01	Limitation of Liability	B-70
Section 13.02	Expenses	B-70
Section 13.03	Counterparts	B-70
Section 13.04	Notices	B-70
Section 13.05	Public Announcements	B-71
Section 13.06	Severability	B-71
Section 13.07	Entire Agreement; Assignment	B-71
Section 13.08	Parties in Interest	B-71
Section 13.09	Governing Law	B-72
Section 13.10	Waiver of Jury Trial	B-72
Section 13.11	Headings	B-72
Section 13.12	Survival of Covenants	B-72

SEPARATION AGREEMENT

SEPARATION AGREEMENT, dated as of December [], 2005, by and between Viacom Inc., a Delaware corporation ("Viacom"), and New Viacom Corp., a Delaware corporation ("New Viacom").

WHEREAS, Viacom, directly and through its various Subsidiaries (as defined herein), is engaged in the CBS Business (as defined herein) and in the New Viacom Business (as defined herein);

WHEREAS, the Board of Directors of Viacom has determined that it is in the best interests of Viacom and its stockholders to separate Viacom into two separate, publicly traded companies, which shall operate the CBS Business and the New Viacom Business, respectively;

WHEREAS, in order to effect such separation, (i) Viacom will, and will cause certain of its Subsidiaries to, transfer to New Viacom and to the New Viacom Subsidiaries (as defined herein) (A) all of the New Viacom Assets (as defined herein) that are not already owned or otherwise held by New Viacom and the New Viacom Subsidiaries and (B) all of the New Viacom Liabilities (as defined herein) that are not already Liabilities (as defined herein) of New Viacom or the New Viacom Subsidiaries (in each case in the manner provided in this Agreement, the Ancillary Agreements (as defined herein) and the Restructuring Plan (as defined herein)), (ii) New Viacom will, and will cause the New Viacom Subsidiaries to, transfer to Viacom and the CBS Subsidiaries (as defined herein) (A) all of the CBS Assets (as defined herein) that are not already owned or otherwise held by Viacom and the CBS Subsidiaries and (B) all of the CBS Liabilities that are not already Liabilities of CBS (as defined herein) or the CBS Subsidiaries (in each case in the manner provided in this Agreement, the Ancillary Agreements and the Restructuring Plan), (iii) Viacom and New Viacom each will retain certain CBS Liabilities and New Viacom Liabilities, respectively, and (iv) Viacom and Viacom Merger Sub Inc., a Delaware corporation ("Viacom Merger Sub"), will consummate the Merger (as defined herein) (the transactions described in clauses (i), (ii), (iii) and (iv), collectively, the "Separation");

WHEREAS, in the Merger, Viacom will be renamed "CBS Corporation" ("CBS") and New Viacom will be renamed "Viacom Inc." and, following the Separation, CBS will conduct the CBS Business and New Viacom will conduct the New Viacom Business;

WHEREAS, pursuant to the Merger Agreement (as defined herein), (i) each share of class A common stock, par value \$0.01 per share, of Viacom (the "Viacom Class A Common Stock") issued and outstanding immediately prior to the Effective Time (as defined in the Merger Agreement) shall be converted automatically into the right to receive 0.5 of a share of class A common stock, par value \$0.001 per share, of New Viacom (the "New Viacom Class A Common Stock") and 0.5 of a share of class A common stock, par value \$0.001 per share, of CBS (the "CBS Class A Common Stock") and (ii) each share of class B common stock, par value \$0.01 per share, of Viacom (together with the Viacom Class A Common Stock, the "Viacom Common Stock") issued and outstanding immediately prior to the Effective Time shall be converted automatically into the right to receive 0.5 of a share of class B common stock, par value \$0.001 per share, of New Viacom (together with the New Viacom Class A Common Stock, the "New Viacom Common Stock") and 0.5 of a share of class B common stock, par value \$0.001 per share, of CBS (together with the CBS Class A Common Stock, the "CBS Common Stock");

WHEREAS, the formation of New Viacom and the distribution of the New Viacom Common Stock pursuant to the Merger are intended to qualify as a tax-free reorganization under Section 368(a)(1)(D) of the Code (as defined herein), and this Agreement is intended to be, and is hereby adopted as, a plan of reorganization under Section 368 of the Code, with each of Viacom and New Viacom as a party to the reorganization;

WHEREAS, the receipt of the New Viacom Common Stock by the stockholders of Viacom is intended to be tax-free under Section 355 of the Code; and

WHEREAS, Viacom and New Viacom have determined that it is necessary and desirable to set forth the agreements that will effect the Separation and govern certain matters following the Separation;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Viacom and New Viacom hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Certain Defined Terms. For purposes of this Agreement:

"2005 Internal Control Audit and Management Assessments" has the meaning set forth in Section 4.02.

"401(k) Plan" means the Viacom 401(k) Plan or the New Viacom 401(k) Plan, as the context requires.

"Action" means any demand, claim, counterclaim, action, suit, arbitration, inquiry, proceeding or investigation, in each case brought by or pending before any Governmental Authority.

"Actual Special Dividend Amount" has the meaning set forth in Section 2.08(g).

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"Aggregate Threshold" has the meaning set forth in Section 13.02.

"Agreement" means this Separation Agreement between the parties hereto (including, without limitation, the Exhibits and Schedules hereto), as it may be amended from time to time in accordance with the provisions of Section 12.03.

"Agreement Disputes" has the meaning set forth in Section 10.01.

"Allocation" has the meaning set forth in Section 5.01(m).

"Ancillary Agreements" means the Merger Agreement, the Tax Matters Agreement, the Transition Services Agreement, the Intercompany Agreements, the License Agreements and the Implementation Agreements.

"Annual Financial Statements" has the meaning set forth in Section 4.01(d).

"Approved Leave of Absence" means an absence from active service (i) due to an individual's inability to perform his or her regular job duties by reason of illness or injury and resulting in eligibility to receive benefits pursuant to the terms of the Viacom Short-Term Disability Plan or the Viacom Long-Term Disability Plan or (ii) pursuant to an approved leave policy with a guaranteed right of reinstatement.

"ASO Contract" has the meaning set forth in Section 6.04(i)(i).

"Assets" means the assets, properties and rights (including, without limitation, goodwill), wherever located, whether tangible or intangible, real, personal or mixed, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of the owner or licensee of such Assets, including, without limitation, the following:

(a) all accounting and other books, records and files, whether in paper, microfilm, microfiche, computer tape or disk, magnetic tape or any other form;

Edgar Filing: VIACOM INC - Form S-4/A

(b) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, motor vehicles and other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;

(c) all inventories of materials, parts, supplies, work-in-process and finished goods and products;

(d) all interests in real property of whatever nature, including, without limitation, easements, whether as owner, mortgagee or holder of an Encumbrance in real property, lessor, sublessor, lessee, sublessee, licensor, licensee, sublicensor, sublicensee or otherwise;

(e) all interests in any capital stock or other equity interests of any Subsidiary or any other Person, all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person, all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person and all other investments in securities of any Person;

(f) all leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other contracts, agreements or commitments;

(g) all deposits, letters of credit and performance and surety bonds;

(h) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties;

(i) all Intellectual Property (together with all goodwill associated therewith and the right to sue and recover at law or in equity for past, present and future infringement, misappropriation, dilution, violation or other impairment of such Intellectual Property) and all license agreements (including, without limitation, licenses from or to third parties in respect of Intellectual Property);

(j) Software;

(k) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and vendor data, correspondence and lists, product literature, artwork, design, research and development files, vendor and customer specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(l) all prepaid expenses, trade accounts and other accounts and notes receivables;

(m) all rights under Contracts, all claims or rights against any Person, choses in action or similar rights, whether accrued or contingent;

(n) subject to Section 5.01(k), all Insurance Rights and all rights in the nature of insurance, indemnification or contribution;

(o) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority;

(p) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(q) all interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

"Blended Index" has the meaning set forth in Section 6.01(d)(iii).

"Broadcast Interest" means a direct or indirect ownership, managerial or other interest in a radio broadcast station, television broadcast station or television broadcast network that is "cognizable" or "attributable" for purposes of one or more of the FCC Broadcast Ownership Rules.

"Business" means either the New Viacom Business or the CBS Business, as the context requires.

"Business Day" means any day that is not a Saturday, a Sunday or any other day on which banks are required or authorized by Law to be closed in The City of New York.

"Cable Operator Interest" means a direct or indirect ownership, managerial or other interest in (i) a cable operator, (ii) a common carrier or an affiliate of a common carrier that provides video programming by any means directly to subscribers, or (iii) an open video system operator that is "cognizable" or "attributable" for purposes of one or more of the FCC Program Access Rules.

"Capital Taxes" has the meaning set forth in the Tax Matters Agreement.

"CBS" has the meaning set forth in the Recitals.

"CBS Actuary" means an independent actuary selected by CBS.

"CBS Assets" means all of the right, title and interest of Viacom and its Subsidiaries in and to all Assets owned by Viacom and its Subsidiaries or to which any of them are entitled, including, without limitation,:

(i) any and all Assets as set forth in this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be transferred to or retained by any member of the CBS Group, including, without limitation, those Assets that are listed on Schedule 1.01() hereto;

(ii) any and all Assets reflected on the CBS Balance Sheet or the accounting records supporting such balance sheet, subject to any disposition of such Assets subsequent to the date of the CBS Balance Sheet and prior to the Separation Date;

(iii) any and all Assets that have been written off, expensed or fully depreciated that, had they not been written off, expensed or fully depreciated, would have been reflected on the CBS Balance Sheet if such balance sheet had been prepared in accordance with the same principles and accounting policies under which the CBS Balance Sheet was prepared;

(iv) any and all Assets acquired by Viacom or any of its Subsidiaries after the date of the CBS Balance Sheet and prior to the Separation Date that would have been reflected on a consolidated balance sheet of CBS and the CBS Subsidiaries if such balance sheet were prepared as of the Separation Date using the same principles and accounting policies under which the CBS Balance Sheet was prepared;

(v) the Actual Special Dividend Amount;

(vi) all CBS Contracts, including all rights of any member of the CBS Group under any Intercompany Agreement, including, without limitation, those listed on Schedule 1.01() hereto;

(vii) all issued and outstanding capital stock or membership or partnership interest in the Subsidiaries of Viacom and other entities listed on Schedule 1.01() hereto;

(viii) all CBS Claims and 50% of all Joint New Viacom and CBS Claims;

(ix) with respect to any CBS Liability or CBS Loss, all Insurance Rights under any of the Policies to the extent that, with respect to any such CBS Liability or CBS Loss, any member of the CBS Group is, or is deemed under the Law to be, an insured under the Policies or is otherwise permitted under the terms of the Policies in accordance with applicable Law, including, without limitation, as assignee, to obtain the benefits or proceeds of such Policies; and

(x) except as expressly provided for in this Agreement or any Ancillary Agreement, any and all Assets as and to the extent related to the business of Viacom as conducted immediately before the Separation and not otherwise transferred to or retained by a member of the CBS Group as a CBS Asset. The intention of this subparagraph (x) is only to rectify any inadvertent omission of transfer or conveyance of any Asset that, had the parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as a CBS Asset. No Asset shall be deemed to be a CBS

Asset solely as a result of this subparagraph (x) if such Asset is expressly covered by the subject matter of an Ancillary Agreement or is expressly provided for in this Agreement. In addition, no member of the CBS Group may claim ownership of an Asset within the scope of this subparagraph (x) unless (A) CBS submits to New Viacom a claim with respect to the ownership of such Asset prior to the fifth anniversary of the Separation Date or (B) if CBS submits to New Viacom a claim with respect to the ownership of such Asset after the fifth anniversary of the Separation Date, a member of the CBS Group must have actively and openly used or otherwise claimed such Asset prior to such fifth anniversary;

provided, however, that notwithstanding anything in clauses (i) (x), "CBS Assets" shall not include any New Viacom Assets.

For purposes of this Agreement, refunds and credits of Income Taxes or Capital Taxes in respect of taxable periods (or portions thereof) ending on or prior to the Separation Date shall not constitute CBS Assets, but rather the allocation of any such refunds or credits shall be exclusively governed by the Tax Matters Agreement.

"CBS Auditors" means CBS's independent certified public accountants.

"CBS Balance Sheet" means the pro forma consolidated condensed balance sheet of CBS and the CBS Subsidiaries, including the notes thereto, as of September 30, 2005 included in the Registration Statement.

"CBS Business" means the business of the CBS Group as described in the Registration Statement and as conducted immediately following the Separation, in each case subject to further specificity as may be described in this Agreement or the Ancillary Agreements.

"CBS Claims" has the meaning set forth in Section 8.02.

"CBS Class A Common Stock" has the meaning set forth in the Recitals.

"CBS Common Stock" has the meaning set forth in the Recitals.

"CBS Contracts" means all Contracts to which Viacom or any CBS Subsidiary is a party or by which any of them or any of their respective Assets is bound, whether or not in writing, other than New Viacom Contracts, Shared Corporate Volume Contracts and License Agreements.

"CBS Employee" means an individual who, immediately after the Separation Date, is actively employed by, or then on an Approved Leave of Absence from, any member of the CBS Group.

"CBS Group" means, collectively, CBS and each CBS Subsidiary.

"CBS Indemnified Party" has the meaning set forth in Section 9.01.

"CBS Last 10-K Date" has the meaning set forth in Section 4.01(a).

"CBS Liabilities" means all of the Liabilities of Viacom and its Subsidiaries including, without limitation:

(i) any and all Liabilities that are set forth in this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by CBS or any other member of the CBS Group, including, without limitation, those Liabilities listed on Schedule 1.01() hereto;

(ii) any and all Liabilities related to the rights of an actor, director, writer, producer or other party to the payment of any fixed or contingent compensation, including, without limitation, royalties, participations, residuals and use payments and other similar payments related to the production and dissemination by CBS of Paramount television product, excluding television product acquired by or exclusively for Paramount Home Entertainment;

(iii) all Insured New Viacom Liabilities, all Insured New Viacom Losses, all of the Liabilities related to the CBS Litigation Matters, all Liabilities related to Future CBS Litigation Matters and 50% of any Future Joint Litigation Matter;

(iv) 50% of any and all Liabilities under applicable Laws (including, without limitation, federal and state securities Laws) arising from or relating to the Registration Statement or any other document filed with any Governmental Authority (including, without limitation, the SEC) at or prior to the Separation Date by New Viacom or Viacom or any Subsidiary of Viacom in connection with the Separation or Merger;

(v) 50% of any and all Liabilities arising from or relating to any claim, demand or Action with respect to the Separation or the Merger made or brought by any Person against Viacom, CBS or New Viacom or any member of their respective Groups;

(vi) 50% of any and all Liabilities relating to, arising from or involving a general corporate matter of Viacom, including, without limitation, (A) those Liabilities set forth on Schedule 1.01([]), (B) Liabilities relating to Unallocated Employees and (C) claims under federal and state securities Laws and claims for breach of fiduciary duties, that relate to events that took place prior to the Separation Date and, in any case, that are not otherwise specified to be a CBS Liability or New Viacom Liability or otherwise specifically allocated under this Agreement or any Ancillary Agreement;

(vii) any and all Liabilities as and to the extent relating to, arising out of or resulting from any CBS Assets;

(viii) 100% of any Insurance Charges arising solely and directly from the CBS Business; and

(ix) except as expressly provided for in this Agreement or any Ancillary Agreement, any and all Liabilities as and to the extent related to the CBS Business on the Separation Date and not otherwise transferred to or retained by a member of the CBS Group as a CBS Liability. The intention of this subparagraph (ix) is only to rectify any inadvertent omission of transfer or conveyance of any Liability that, had the parties given specific consideration to such Liability as of the date hereof, would have otherwise been classified as a CBS Liability. No Liability shall be deemed to be a CBS Liability solely as a result of this subparagraph (ix) if such Liability is expressly covered by the subject matter of an Ancillary Agreement. In addition, no member of the New Viacom Group may claim that a Liability within the scope of this subparagraph (ix) should be a CBS Liability unless New Viacom submits to CBS a claim with respect to the ownership of such Liability on or prior to the fifth anniversary of the Separation Date;

provided, however, that (1) "CBS Liabilities" shall not include any Insured CBS Liabilities, (2) notwithstanding anything in this definition to the contrary, "CBS Liabilities" shall not include any New Viacom Liabilities and (3) "CBS Liabilities" shall not include Liabilities for Income Taxes or Capital Taxes, which shall be governed by the Tax Matters Agreement.

"CBS Litigation Matters" means the Actions listed on Schedule 1.01[] hereto and any claims or demands solely related to the CBS Assets or CBS Liabilities commenced on or before the Separation Date.

"CBS Loss" means any Insured New Viacom Loss and any diminution in value, injury, damage, loss or similar insurable event sustained by or in connection with the CBS Business and covered or potentially covered under a Policy providing property or other first-party insurance; provided, however, CBS Loss shall not include any Insured CBS Loss.

"CBS Obligations" has the meaning set forth in Section 2.05(a).

Edgar Filing: VIACOM INC - Form S-4/A

"CBS Subsidiary" means any entity controlled by CBS or of which CBS shares equally in the control with another Person, in either case, directly or indirectly through one or more intermediaries, after giving effect to the Separation.

"CCPP" means the CBS Combined Pension Plan.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the regulations promulgated thereunder, including, without limitation, any successor legislation.

"Code" means the Internal Revenue Code of 1986, as amended through the date hereof.

"Confidential Information" has the meaning set forth in Section 3.02(a).

"Consents" means any consents, waivers or approvals from, or notification requirements to, any Person other than a Governmental Authority.

"Contracts" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of its property under applicable Law.

"control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract or credit arrangement or otherwise.

"Deferred Transfer Asset" has the meaning set forth in Section 2.11(a).

"Deferred Transfer Liability" has the meaning set forth in Section 2.11(a).

"Employee Benefit Plan" means either a New Viacom Employee Benefit Plan or a Viacom Employee Benefit Plan, as the case may be.

"Encumbrance" means any security interest, pledge, hypothecation, mortgage, lien or encumbrance, other than any licenses of Intellectual Property or Software.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder, including, without limitation, any successor legislation.

"Escalation Notice" has the meaning set forth in Section 10.02(a).

"Estimated Pension Plan Transfer Amount" has the meaning set forth in Section 6.01(d)(ii).

"Estimated Special Dividend Amount" has the meaning set forth in Section 2.08(g).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"FCC" means the Federal Communications Commission or any successor agency.

"FCC Broadcast Ownership Rules" means any federal statute, including, without limitation, Section 202 of the Telecommunications Act of 1996, as amended, or FCC rule, including, without limitation, 47 C.F.R. § 73.658(g) and § 73.3555, that limits, directly or indirectly, the ownership or control of radio broadcast stations, television broadcast stations and/or television broadcast networks, as currently in effect and as may hereafter be amended or become effective from time to time, and any FCC policy or decision implementing, interpreting or modifying such statute or rule.

"FCC Program Access Rules" means any federal statute, including, without limitation, 47 U.S.C. § 548, or FCC rule, including, without limitation, 47 C.F.R. Part 76, Subpart O, regulating contractual relationships between satellite cable programming vendors and multichannel video programming

distributors, as currently in effect and as may hereafter be amended or become effective from time to time, and any FCC policy or decision implementing, interpreting or modifying such statute or rule.

"Final Calculation Statement" has the meaning set forth in Section 2.08(g).

"Final Pension Plan Transfer Amount" has the meaning set forth in Section 6.01(d)(iv).

"Final Transfer Date" has the meaning set forth in Section 6.01(d)(v).

"Former CBS Employee" means (i) a Former Viacom Employee, other than a Viacom or Paramount corporate office employee, whose most recent active employment with Viacom and its Subsidiaries (prior to or on the Separation Date) was with a CBS Business, (ii) a Former Viacom Employee whose most recent active employment with Viacom and its Subsidiaries was with one of the sold or discontinued businesses listed on Schedule 1.01([]) (ii) hereto, (iii) an individual (or member of a group) listed on Schedule 1.01([]) (iii) hereto, (iv) a Former Viacom Employee whose most recent active employment with Viacom and its Subsidiaries was with a predecessor of a CBS Business or a terminated, divested or discontinued business, in each case that was operated by any member of the CBS Group or that relates, or was related, to the CBS Business or to any predecessor of a CBS Business or to any member of the CBS Group and that is not set forth on Schedule 1.01([]) (ii) hereto, (v) an individual whose employment by the former CBS Corporation terminated prior to that corporation's merger with Viacom on May 4, 2000 and whose most recent active employment with the former CBS Corporation was with the CBS Corporation corporate office or (vi) any individual who was a Viacom or Paramount corporate office employee and who was offered and accepted employment with CBS for periods after the Separation Date, but whose active employment terminated prior to the Separation Date.

"Former New Viacom Employee" means (i) a Former Viacom Employee, other than a Viacom or Paramount corporate office employee, whose most recent active employment with Viacom and its Subsidiaries (prior to or on the Separation Date) was with a New Viacom Business, (ii) a Former Viacom Employee whose most recent active employment with Viacom and its Subsidiaries was with one of the sold or discontinued businesses listed on Schedule 1.01([]) (ii) hereto, (iii) an individual (or member of a group) listed on Schedule 1.01([]) (iii) hereto, (iv) a Former Viacom Employee whose most recent active employment with Viacom and its Subsidiaries was with a predecessor of a New Viacom Business or a terminated, divested or discontinued business, in each case that was operated by any member of the New Viacom Group or that relates, or was related, to the New Viacom Business or to any predecessor of a New Viacom Business or to any member of the New Viacom Group and that is not set forth on Schedule 1.01([]) (ii) hereto or (v) any individual who was a Viacom or Paramount corporate office employee and who was offered and accepted employment with New Viacom for periods after the Separation Date, but whose active employment terminated prior to the Separation Date.

"Former Viacom Employee" means an individual (i) whose employment by Viacom or its Subsidiaries terminated prior to or on the Separation Date and (ii) who is not a New Viacom Employee or CBS Employee immediately after the Separation Date.

"Future CBS Litigation Matter" has the meaning set forth in Section 8.01(c)(ii).

"Future Joint Litigation Matters" has the meaning set forth in Section 8.01(c)(iii).

"Future New Viacom Litigation Matter" has the meaning set forth in Section 8.01(c)(i).

"Governmental Approvals" means any notices or reports to be submitted to, or other filings to be made with, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

Edgar Filing: VIACOM INC - Form S-4/A

"Governmental Authority" means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or other government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"Group" means the CBS Group or the New Viacom Group, as the context requires.

"Group Insurance Policies" has the meaning set forth in Section 6.04(i)(i).

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended.

"HMO Agreements" has the meaning set forth in Section 6.04(i)(i).

"Implementation Agreements" means the agreements necessary to effect the Restructuring Plan.

"Income Taxes" has the meaning set forth in the Tax Matters Agreement.

"Indemnified Party" has the meaning set forth in Section 9.03(a).

"Indemnifying Party" has the meaning set forth in Section 9.03(a).

"Indemnity Payment" has the meaning set forth in Section 9.03(a).

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including, without limitation, studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including, without limitation, attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including, without limitation, attorney work product), and other technical, financial, employee or business information or data.

"Initial Transfer Amount" has the meaning set forth in Section 6.01(d)(iii).

"Initial Transfer Date" has the meaning set forth in Section 6.01(d)(iii).

"Insurance Charges" has the meaning set forth in Section 5.01(f).

"Insurance Proceeds" means those monies (a) received by an insured or reinsured from an insurer or reinsurer or (b) paid by an insurer or reinsurer on behalf of the insured or reinsured, in any such case net of any applicable premium adjustments (including, without limitation, retrospectively rated premium adjustments) and net of any self-insured retention, deductible or other form of self-insurance and net of any third party costs or expenses incurred in the collection thereof.

"Insurance Rights" means any and all rights under or arising out of the Policies and any and all claims and choses in action under or arising out of the Policies and for benefits and proceeds thereof, including, without limitation, those rights, claims or choses in action held directly as an insured, additional insured, additional named insured, subsidiary, affiliate, division or department, successor-in-interest or assignee to the fullest extent permitted under the terms of the Policies in accordance with applicable Law.

"Insured CBS Liabilities" means that portion of any CBS Liability, without giving effect to clause (1) of the proviso included at the end of the definition of "CBS Liabilities," to the extent, and only to the extent, that, with respect to such portion of such Liability, Insurance Proceeds of the Policies are actually recoverable by a member of the New Viacom Group directly, as a successor in

interest or permitted assignee under the terms of the Policies in accordance with applicable Law, and not by any member of the CBS Group.

"Insured CBS Loss" means that portion of any CBS Loss, without giving effect to the proviso at the end of the definition of "CBS Loss," to the extent and only to the extent that, with respect to such portion of such CBS Loss, Insurance Proceeds of the Policies are actually recoverable by a member of the New Viacom Group directly, as a successor in interest or permitted assignee under the terms of the Policies in accordance with applicable Law, and not by any member of the CBS Group.

"Insured New Viacom Liabilities" means that portion of any New Viacom Liability, without giving effect to clause (1) of the proviso included at the end of the definition of "New Viacom Liabilities," but only to the extent that, with respect to such portion of such Liability, Insurance Proceeds of the Policies are actually recoverable by a member of the CBS Group directly, as a successor in interest or permitted assignee under the terms of the Policies in accordance with applicable Law, and not by any member of the New Viacom Group.

"Insured New Viacom Loss" means that portion of any New Viacom Loss, without giving effect to the proviso at the end of the definition of "New Viacom Loss," to the extent and only to the extent that, with respect to such portion of such New Viacom Loss, Insurance Proceeds of the Policies are actually recoverable by a member of the CBS Group directly, as a successor in interest or permitted assignee under the terms of the Policies in accordance with applicable Law, and not by any member of the New Viacom Group.

"Intellectual Property" means all right, title and interest in or relating to intellectual property or industrial property, whether arising under the Law of the United States or any other country or any political subdivision thereof or multinational Laws or any other Law, including, without limitation, (a) patents, patent applications, and all divisionals, continuations and continuations-in-part thereof, together with all reissues, reexaminations, renewals and extensions thereof and all rights to obtain such divisionals, continuations and continuations-in-part, reissues, reexaminations, renewals and extensions, and all utility models and statutory invention registrations, (b) trademarks, service marks, Internet domain names, trade dress, trade styles, logos, trade names, services names, brand names, corporate names, assumed business names and general intangibles and other source identifiers of a like nature, together with the goodwill associated with any of the foregoing, and all registrations and applications for registrations thereof, together with all renewals and extensions thereof and all rights to obtain such renewals and extensions, (c) copyrights, mask work rights, database and design rights, moral rights and rights in Internet websites, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof and all applications in connection therewith, together with all renewals, continuations, reversions and extensions thereof and all rights to obtain such renewals, continuations, reversions and extensions and (d) confidential and proprietary information, including, without limitation, trade secrets and know-how.

"Intercompany Agreements" means the agreements, arrangements, commitments or understandings, whether or not in writing, between one or more members of the New Viacom Group, on the one hand, and one or more members of the CBS Group, on the other hand, including, without limitation, the agreements listed on Schedule 1.01([]) hereto.

"Intercompany Balances" means all accounts receivable and accounts payable between (i) Viacom or a member of the CBS Group, on the one hand, and (ii) a member of the New Viacom Group, on the other hand.

"Interim Benefit Obligation Payment Amount" has the meaning set forth in Section 6.01(b).

"IRS" means the United States Internal Revenue Service.

"Joint Liability" means any Liability that is (i) both a CBS Liability and a New Viacom Liability and (ii) not exclusively a CBS Liability or a New Viacom Liability.

"Joint Loss" means any diminution in value, injury, damage, loss or similar insurable event that is (i) both a CBS Loss and a New Viacom Loss and (ii) not exclusively a CBS Loss or a New Viacom Loss.

"Joint New Viacom and CBS Claims" has the meaning set forth in Section 8.02.

"Law" means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, order, requirement or rule of law (including, without limitation, common law).

"Liabilities" means any and all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, reserved or unreserved, or determined or determinable, including, without limitation, those arising under any Law, claim, demand, Action, whether asserted or unasserted, or Governmental Order and those arising under any contract, agreement, arrangement, commitment or undertaking or any fines, damages or equitable relief which may be imposed and including, without limitation, all costs and expenses related thereto.

"License Agreements" means the Intellectual Property license agreements between any member or members of the CBS Group, on the one hand, and any member or members of the New Viacom Group, on the other hand, listed on Schedule 1.01([]) hereto, and as hereafter amended.

"Loss" has the meaning set forth in Section 9.01.

"Lost Participants" has the meaning set forth in Section 6.01(h).

"Media Company Interest" means a direct or indirect ownership, managerial or other interest in a radio broadcast station, television broadcast station, television broadcast network or daily newspaper that is "cognizable" or "attributable" for purposes of one or more of the FCC Broadcast Ownership Rules.

"Merger" means the merger of Viacom Merger Sub with and into Viacom pursuant to the Merger Agreement.

"Merger Agreement" means the Merger Agreement by and among Viacom, New Viacom and Viacom Merger Sub dated as of November 21, 2005.

"Mixed Contract" has the meaning set forth in Section 2.03(a).

"Named Party" has the meaning set forth in Section 8.01(d).

"New Viacom" has the meaning set forth in the Preamble.

"New Viacom 401(k) Plan" has the meaning set forth in Section 6.02(b)(i).

"New Viacom 401(k) Plan Transfer Date" has the meaning set forth in Section 6.02(b)(ii).

"New Viacom Actuary" means an independent actuary selected by New Viacom.

"New Viacom Assets" means all of the right, title and interest in and to:

(i) all Assets owned by Viacom and its Subsidiaries that relate primarily to the New Viacom Business, except for any such Assets listed on Schedule 1.01([]) hereto or as may otherwise be contemplated by a written Intercompany Agreement;

(ii) any and all Assets as set forth in this Agreement or any Ancillary Agreement (including, without limitation, the Schedules hereto or thereto) as Assets to be transferred to or retained by any

member of the New Viacom Group, including, without limitation, those Assets that are listed on Schedule 1.01([]) hereto;

(iii) any and all Assets reflected on the New Viacom Balance Sheet or the accounting records supporting such balance sheet, subject to any disposition of such Assets subsequent to the date of the New Viacom Balance Sheet and prior to the Separation Date;

(iv) any and all Assets that have been written off, expensed or fully depreciated that, had they not been written off, expensed or fully depreciated, would have been reflected on the New Viacom Balance Sheet if such balance sheet had been prepared in accordance with the same principles and accounting policies under which the New Viacom Balance Sheet was prepared;

(v) any and all Assets acquired by Viacom or any of its Subsidiaries after the date of the New Viacom Balance Sheet and prior to the Separation Date that would have been reflected on a consolidated balance sheet of New Viacom and the New Viacom Subsidiaries if such balance sheet were prepared as of the Separation Date using the same principles and accounting policies under which the New Viacom Balance Sheet was prepared;

(vi) all New Viacom Contracts and all rights of any member of the New Viacom Group under any Intercompany Agreement, including, without limitation, those listed on Schedule 1.01([]) hereto;

(vii) all issued and outstanding capital stock or membership or partnership interests in the Subsidiaries of Viacom and other entities listed on Schedule 1.01([]) hereto;

(viii) all New Viacom Claims and 50% of all Joint New Viacom and CBS Claims;

(ix) with respect to any New Viacom Liability or New Viacom Loss, all Insurance Rights under any of the Policies to the extent that, with respect to such New Viacom Liability or New Viacom Loss, any member of the New Viacom Group is, or is deemed under the Law to be, an insured under such Policies or is otherwise permitted under the terms of the Policies in accordance with applicable Law, including, without limitation, as assignee, to obtain the benefits or proceeds of such Policies;

(x) 50% of any Assets relating to, arising from or involving a general corporate matter of Viacom that relates to events that took place prior to the Separation Date and that are not otherwise specified to be a CBS Asset or New Viacom Asset under this Agreement or any Ancillary Agreement; and

(xi) except as expressly provided for in this Agreement or any Ancillary Agreement, any and all Assets as and to the extent related to the New Viacom Business and not otherwise transferred to or retained by a member of the New Viacom Group as a New Viacom Asset. The intention of this subparagraph (xi) is only to rectify any inadvertent omission of transfer or conveyance of any Assets that, had the parties given specific consideration to such Assets as of the date hereof, would have otherwise been classified as a New Viacom Asset. No Asset shall be deemed to be a New Viacom Asset solely as a result of this subparagraph (xi) if such Asset is expressly covered by the subject matter of an Ancillary Agreement or is expressly provided for in this Agreement. In addition, no member of the New Viacom Group may claim ownership of an Asset within the scope of this subparagraph (xi) unless (A) New Viacom submits to CBS a claim with respect to the ownership of such Asset prior to the fifth anniversary of the Separation Date or (B) if New Viacom submits to CBS a claim with respect to the ownership of such Asset after the fifth anniversary of the Separation Date, a member of the New Viacom Group must have actively and openly used or otherwise claimed such Asset prior to such fifth anniversary;

For purposes of this Agreement, refunds and credits of Income Taxes or Capital Taxes in respect of taxable periods (or portions thereof) ending on or prior to the Separation Date shall not constitute New Viacom Assets, but rather the allocation of any such refunds or credits shall be exclusively governed by the Tax Matters Agreement.

Edgar Filing: VIACOM INC - Form S-4/A

"New Viacom Auditors" means New Viacom's independent certified public accountants.

"New Viacom Balance Sheet" means the pro forma consolidated balance sheet of New Viacom and the New Viacom Subsidiaries, including the notes thereto, as of September 30, 2005 included in the Registration Statement.

"New Viacom Business" means the business of the New Viacom Group as described in the Registration Statement and as conducted immediately following the Separation, in each case subject to further specificity as may be described in this Agreement or the Ancillary Agreements.

"New Viacom Captive" has the meaning set forth in Section 5.02(a).

"New Viacom Claims" has the meaning set forth in Section 8.02.

"New Viacom Class A Common Stock" has the meaning set forth in the Recitals.

"New Viacom Common Stock" has the meaning set forth in the Recitals.

"New Viacom Commuter Reimbursement Plan" has the meaning set forth in Section 6.04(h)(ii).

"New Viacom Contracts" means the following Contracts to which Viacom or any of the Viacom Subsidiaries is a party or by which it or any of their Assets are bound, whether or not in writing, except, in any case, for Mixed Contracts that a member of the CBS Group is a party to, Shared Corporate Volume Contracts, License Agreements and any such Contract that is explicitly contemplated to be retained by or assigned to CBS or any other member of the CBS Group pursuant to any provision of this Agreement or any Ancillary Agreement:

(i) any Contract entered into in the name of, or expressly on behalf of, New Viacom, any New Viacom Subsidiary or any division or business unit of New Viacom;

(ii) any Contract that relates primarily to the New Viacom Business; and

(iii) any Contract that is otherwise expressly contemplated to be assigned to any member of the New Viacom Group pursuant to this Agreement or any of the Ancillary Agreements.

"New Viacom Defined Benefit Pension Plan" has the meaning set forth in Section 6.01(b).

"New Viacom Employee" means an individual who, immediately after the Separation Date, is employed by, or then on an Approved Leave of Absence from, New Viacom or any New Viacom Subsidiary.

"New Viacom Employee Benefit Plans" means all "employee benefit plans" (within the meaning of Section 3(3) of ERISA), "multiemployer plans" (within the meaning of Section 3(37) of ERISA), retirement, pension, savings, profit-sharing, welfare, stock purchase, stock option, equity-based, severance, employment, change-in-control, fringe benefit, collective bargaining, bonus, incentive, deferred compensation and all other employee benefit plans, agreements, programs, policies or other arrangements (including, without limitation, any funding mechanisms therefor), whether or not subject to ERISA, whether formal or informal, oral or written, legally binding or not, sponsored, maintained or contributed to by New Viacom or any New Viacom Subsidiary (or to which New Viacom or any New Viacom Subsidiary contributes or is required to contribute) on or after the Separation Date.

"New Viacom Employee Benefit Records" means all agreements, documents, books, records or files relating to the New Viacom Employee Benefit Plans.

"New Viacom Equity Compensation Plans" means all equity compensation plans established and adopted by New Viacom prior to, on or after the Separation Date.

"New Viacom Executive Benefit Plans" has the meaning set forth in Section 6.03(a).

"New Viacom Flexible Benefit Plan" has the meaning set forth in Section 6.04(h)(i).

"New Viacom Group" means, collectively, New Viacom and each New Viacom Subsidiary.

"New Viacom Indemnified Party" has the meaning set forth in Section 9.02.

"New Viacom Liabilities" means:

- (i) all Liabilities of Viacom and its Subsidiaries as and to the extent related to the New Viacom Business;
- (ii) any and all Liabilities that are set forth in this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by New Viacom or any other member of the New Viacom Group, including, without limitation, those Liabilities listed on Schedule 1.01([]) hereto;
- (iii) any and all Liabilities reflected on the New Viacom Balance Sheet or the accounting records supporting such balance sheet, subject to any discharge of such Liabilities subsequent to the date of the New Viacom Balance Sheet;
- (iv) any and all Liabilities incurred by Viacom or any of its Subsidiaries after the date of the New Viacom Balance Sheet that would be reflected on a consolidated balance sheet of New Viacom and the New Viacom Subsidiaries if it were prepared as of the Separation Date using the same principles and accounting policies under which the New Viacom Balance Sheet was prepared;
- (v) any and all Liabilities related to the rights of an actor, director, writer, producer or other party to the payment of any fixed or contingent compensation, including, without limitation, royalties, participations, residuals and use payments and other similar payments related to the production and dissemination by New Viacom of all CBS theatrical product;
- (vi) all Insured CBS Liabilities, all Insured CBS Losses, all Liabilities related to the New Viacom Litigation Matters, all Liabilities related to Future New Viacom Litigation Matters and 50% of any Future Joint Litigation Matter;
- (vii) 50% of any and all Liabilities under applicable Laws (including, without limitation, federal and state securities Laws) arising from or relating to the Registration Statement or any other document filed with any Governmental Authority (including, without limitation, the SEC) at or prior to the Separation Date by New Viacom or Viacom or any Subsidiary of Viacom in connection with the Separation or Merger;
- (viii) 50% of any and all Liabilities arising from or relating to any claim, demand or Action with respect to the Separation or the Merger made or brought by any Person against Viacom, CBS or New Viacom or any member of their respective Groups;
- (ix) all Liabilities arising from or relating to events that take place (A) on, before or after the Separation Date involving any member of the New Viacom Group or (B) before the Separation Date involving any member of the CBS Group, in any case only as and to the extent related to the New Viacom Business;
- (x) any and all Liabilities as and to the extent relating to, arising out of or resulting from any New Viacom Assets;
- (xi) 50% of any and all Liabilities relating to, arising from or involving a general corporate matter of Viacom, including, without limitation, (A) those Liabilities set forth on Schedule 1.01([]), (B) Liabilities relating to Unallocated Employees and (C) claims under federal and state securities Laws and claims for breach of fiduciary duties, that relate to events that took place prior to the Separation Date and, in any case, that are not otherwise specified to be a CBS Liability or New Viacom Liability or otherwise specifically allocated under this Agreement or any Ancillary Agreement;
- (xii) 100% of any Insurance Charges arising solely and directly from the New Viacom Business;

(xiii) except to the extent they are otherwise allocated to a member of the CBS Group or a member of the New Viacom Group or otherwise specified to be a CBS Liability or New Viacom Liability under this Agreement or any Ancillary Agreement, any and all Liabilities relating to, arising from or involving any (A) predecessor of a New Viacom Business or (B) terminated, divested or discontinued business, in each case that was operated by any member of the New Viacom Group or that relates, or was related, to the New Viacom Business or to any predecessor of a New Viacom Business or to any member of the New Viacom Group; and

(xiv) except as expressly provided for in this Agreement or any Ancillary Agreement, any and all Liabilities as and to the extent related to the New Viacom Business on the Separation Date and not otherwise transferred to or retained by a member of the New Viacom Group as a New Viacom Liability. The intention of this subparagraph (xiv) is only to rectify any inadvertent omission of transfer or conveyance of any Liability that, had the parties given specific consideration to such Liability as of the date hereof, would have otherwise been classified as a New Viacom Liability. No Liability shall be deemed to be a New Viacom Liability solely as a result of this subparagraph (xiv) if such Liability is expressly covered by the subject matter of an Ancillary Agreement. In addition, no member of the CBS Group may claim that a Liability within the scope of this subparagraph (xiv) should be a New Viacom Liability unless CBS submits to New Viacom a claim with respect to the ownership of such Liability on or prior to the fifth anniversary of the Separation Date;

provided, however, that (1) "New Viacom Liabilities" shall not include any Insured New Viacom Liabilities and (2) "New Viacom Liabilities" shall not include Liabilities for Income Taxes or Capital Taxes, which are addressed in the Tax Matters Agreement.

"New Viacom Litigation Matters" means the Actions listed on Schedule 1.01[] hereto and any claims or demands solely related to the New Viacom Assets or New Viacom Liabilities commenced on or before the Separation Date.

"New Viacom Long-Term Management Incentive Plan" has the meaning set forth in Section 6.07(b).

"New Viacom Loss" means any Insured CBS Loss and any diminution in value, injury, damage, loss or similar insurable event sustained by or in connection with the New Viacom Business and covered or potentially covered under a Policy providing property or other first-party insurance; provided, however, New Viacom Loss does not include any Insured New Viacom Loss.

"New Viacom Obligations" has the meaning set forth in Section 2.05(d).

"New Viacom Subsidiary" means any entity controlled by New Viacom or of which New Viacom shares equally in the control with another Person, in either case, directly or indirectly through one or more intermediaries, after giving effect to the Separation.

"New Viacom Transferred 401(k) Plan Employees" has the meaning set forth in Section 6.02(b)(i).

"New Viacom Transferred Pension Employees" has the meaning set forth in Section 6.01(b).

"New Viacom Welfare Plans" has the meaning set forth in Section 6.04(b).

"Owning Party" has the meaning set forth in Section 3.03.

"Paramount" means Paramount Pictures Corporation.

"Payment" has the meaning set forth in Section 9.03(c).

"PBGC" has the meaning set forth in Section 6.01(i).

Edgar Filing: VIACOM INC - Form S-4/A

"Person" means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

"Policies" means all property, casualty liability and other insurance and reinsurance policies and programs providing insurance coverage to, and all Contracts providing indemnification or rights of contribution in favor of, Viacom and its Subsidiaries or their respective predecessors in effect on or at any time before the Separation Date, including, without limitation, (i) insurance policies issued to Viacom or any of its Subsidiaries or their respective predecessors; (ii) reinsurance policies and retrocession and other agreements providing rights in the nature of insurance or reinsurance to Viacom, any of its Subsidiaries or their respective Predecessors, including, without limitation, policies of reinsurance and retrocession agreements providing benefits to Woburn Insurance Limited, Sammarnick Insurance Corporation and Central Fidelity Insurance Company; (iii) insurance policies issued to any other Person to the extent any such policy provides insurance coverage to Viacom or any of its Subsidiaries or their respective predecessors as a named insured, additional insured, additional named insured or otherwise by Contract or under Law; (iv) Contracts relating to such Policies referenced in clauses (i), (ii) and (iii) immediately above, including, without limitation, settlement agreements with the issuers of such Policies; and (v) all Contracts providing indemnification or rights of contribution in favor of Viacom, any of its Subsidiaries or their respective predecessors.

"Prefunding Payments" has the meaning set forth in Section 6.04(a)(ii).

"Pre-Separation Claims Expenses" has the meaning set forth in Section 6.04(a)(ii).

"Pre-Separation Liabilities" means any and all Liabilities that arose in or relate to periods (or portions thereof) ending on or before the Separation Date other than any amounts relating to Post-Separation Date Interest.

"Post-Separation Date Interest" means interest relating to a period (or portion thereof) after the Separation Date.

"Prior Relationship" means the relationship between any member of the CBS Group and any member of the New Viacom Group at any time prior to the Separation Date.

"Prohibited Cable Interest" has the meaning set forth in Section 2.09(b).

"Prohibited Interest" has the meaning set forth in Section 2.09(a).

"Providing Party" has the meaning set forth in Section 3.04(a).

"Public Filings" has the meaning set forth in Section 4.01(g).

"Quarterly Financial Statements" has the meaning set forth in Section 4.01(c).

"Records" means documents, files and other books and records, including, without limitation, books and records relating to financial reporting, internal audit, employee benefits, past acquisition or disposition transactions, claims, demands or Actions, and email files and backup tapes regarding any of the foregoing.

"Registration Statement" means the registration statement on Form S-4 (Registration No. 333-128821), as amended, filed with the SEC, pursuant to which the CBS Common Stock and the New Viacom Common Stock to be distributed in the Merger have been registered under the Securities Act.

"Related Parties" has the meaning set forth in Section 3.04(a).

"Representatives" means directors, officers, employees, agents, consultants, advisors, accountants and attorneys, including, without limitation, representatives of the foregoing.

"Requesting Party" has the meaning set forth in Section 3.04(a).

"Required Time Period" means, with respect to Section 4.01(b)(i) and (ii), [] Business Days after the end of the month in which the Separation Date occurs and, with respect to Section 4.01(b)(iii) and (iv), [] Business Days after the end of the month in which the Separation Date occurs.

"Responsible Party" has the meaning set forth in Section 8.01(d).

"Restrictions" means restrictions or limitations set forth in a Governmental Order.

"Restructuring Plan" means the restructuring plan comprised of the series of transactions, agreements and other arrangements describing the manner in which the CBS Assets and the CBS Liabilities and the New Viacom Assets and the New Viacom Liabilities will be transferred between the parties hereto and their respective Subsidiaries pursuant to this Agreement and the Ancillary Agreements, which are set forth, described or contemplated in Schedule 1.01([]) hereto.

"Retention Period" has the meaning set forth in Section 3.05(a).

"Revised Pension Plan Transfer Amount" has the meaning set forth in Section 6.01(d)(iv).

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Separation" has the meaning set forth in the Recitals.

"Separation Date" means the date on which the Effective Time (as defined in the Merger Agreement) occurs pursuant to the Merger Agreement.

"Shared Corporate Volume Contracts" means those contracts set forth on Schedule 1.01([]) hereto.

"Software" means computer software, programs, databases and applications, whether in source code, object code or other form, including, without limitation, operating software, network software, Internet websites, web content and links, all versions, updates, corrections, enhancements, replacements and modifications thereof, and all documentation related thereto.

"Special Dividend Amount" has the meaning set forth in Section 2.08(g).

"Subsidiaries" means any and all corporations, partnerships, limited liability companies, joint ventures, associations and other entities controlled by a Person directly or indirectly through one or more intermediaries.

"Tax" or "Taxes" means all federal, state, local or foreign taxes, including, without limitation, corporate income taxes, property taxes, value added taxes, gross receipts taxes, capital stock taxes, franchise taxes, stamp taxes, excise taxes, occupation taxes, sales taxes, use taxes, alternative minimum taxes, withholding taxes, social security taxes, unemployment taxes, other payroll taxes and retirement dues or other similar taxes imposed by any Governmental Authority or political subdivision thereof, and any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties, including, without limitation, any transferee or secondary Liability in respect of any Tax (whether imposed by Law, contractual agreement or otherwise) and any Liability in respect of any Tax as a result of being a member of any affiliated, consolidated, combined, unitary or similar group.

"Tax Basis" has the meaning set forth in Section 9.03(c).

"Tax Contest" means a notice of deficiency, proposed adjustment, assessment, inquiry, audit, examination, or any administrative or judicial proceeding involving any matter relating to Taxes or Tax Returns.

Edgar Filing: VIACOM INC - Form S-4/A

"Tax Matters Agreement" means the Tax Matters Agreement by and between Viacom and New Viacom, dated as of the date hereof, and as hereafter amended.

"Tax Return" has the meaning set forth in the Tax Matters Agreement.

"Third Party Claim" has the meaning set forth in Section 9.06(b).

"Transfer Taxes" has the meaning set forth in the Tax Matters Agreement.

"Transferee" has the meaning set forth in Section 2.12.

"Transferor" has the meaning set forth in Section 2.12.

"Transferred Account Balances" has the meaning set forth in Section 6.04(h)(i).

"Transition Services Agreement" means the Transition Services Agreement by and between Viacom and New Viacom, dated as of the date hereof, and hereafter as amended.

"Transitional Asset Transfers" has the meaning set forth in Section 6.01(b).

"Transitional Cash Transfers" has the meaning set forth in Section 6.01(b).

"True-Up Amount" has the meaning set forth in Section 6.01(d)(v).

"Unallocated Employee" means an individual (i) who is a Former New Viacom Employee described in clause (iii) of the definition thereof or Former CBS Employee described in clause (iii) of the definition thereof or (ii) whose most recent active employment with Viacom prior to the Separation was with the Viacom corporate office or the Paramount corporate office and whose employment terminated prior to the Separation Date (other than a Former New Viacom Employee described in clause (v) thereof or a Former CBS Employee described in clause (vi) thereof).

"Unexhausted Insurance Charges" has the meaning set forth in Section 5.01(m).

"Viacom" has the meaning set forth in the Preamble.

"Viacom Class A Common Stock" has the meaning set forth in the Recitals.

"Viacom Common Stock" has the meaning set forth in the Recitals.

"Viacom Commuter Reimbursement Plan" has the meaning set forth in Section 6.04(h)(ii).

"Viacom Defined Benefit Pension Plans" means the Viacom Pension Plan, CBS Combined Pension Plan, Charter Company Retirement Plan, Infinity Broadcasting Corp. Pension Plan, Viacom Television Stations Group of San Francisco Inc. Retirement Plan for Television Technicians, Westinghouse Pension Plan for Operations in Puerto Rico and Viacom Outdoor Group Inc. Pension Plan for Designated Hourly Employees.

"Viacom Employee Benefit Plans" means all "employee benefit plans" (within the meaning of Section 3(3) of ERISA), "multiemployer plans" (within the meaning of Section 3(37) of ERISA), retirement, pension, savings, profit-sharing, welfare, stock purchase, stock option, equity-based, severance, employment, change-in-control, fringe benefit, collective bargaining, bonus, incentive, deferred compensation and all other employee benefit plans, agreements, programs, policies or other arrangements (including, without limitation, any funding mechanisms therefor), whether or not subject to ERISA, whether formal or informal, oral or written, legally binding or not, sponsored, maintained or contributed to by Viacom or any of its Subsidiaries (or to which Viacom or any of its Subsidiaries contributes or is required to contribute) immediately prior to the Separation Date.

"Viacom Employee Benefit Records" means all agreements, documents, books, records or files relating to the Viacom Employee Benefit Plans.

"Viacom Equity Compensation Plans" means any of the Viacom 1994 Long-Term Management Incentive Plan, Viacom 1997 Long-Term Management Incentive Plan, Viacom 2000 Long-Term

Management Incentive Plan, Viacom 2004 Long-Term Management Incentive Plan, Viacom Senior Executive Short-Term Incentive Plan, CBS 1991 Long-Term Incentive Plan, CBS 1993 Long-Term Incentive Plan, CBS Corporation Fund the Future Stock Option Program, Infinity Broadcasting Corporation 1998 Long-Term Incentive Plan, Infinity Broadcasting Corporation 1999 Long-Term Incentive Plan, Infinity Broadcasting Corporation Stock Option Plan, Infinity Broadcasting Corporation Warrant Certificate for Mel Karmazin, BET Holdings II, Inc. 1998 Executive Stock Option Plan, Stock Option Agreements between Harpo, Inc. and O. Winfrey, D. Pattison, D. Hudson, T. Bennett and J. Jacobs, King World Productions, Inc. and its Subsidiaries 1998 Stock Option and Restricted Stock Purchase Plan, King World Productions, Inc. and its Subsidiaries 1996 Stock Option and Restricted Stock Purchase Plan, King World Productions, Inc. and Subsidiaries Salesforce Bonus Plan, Gaylord Entertainment Company Amended and Restated 1993 Stock Option and Incentive Plan, Gaylord Entertainment Company Amended and Restated 1991 Stock Option and Incentive Plan, Outdoor Systems, Inc. 1996 Omnibus Plan, Westinghouse Electric Corporation 1993 Long-Term Incentive Plan and any other equity-based compensation plan of Viacom, each as in effect as of the date of this Agreement.

"Viacom Executive Benefit Plans" means the Viacom Excess 401(k) Plan, Viacom Excess 401(k) Plan for Designated Senior Executives, Viacom Bonus Deferral Plan, Viacom Bonus Deferral Plan for Designated Senior Executives, Viacom Excess Pension Plan, CBS Supplemental Executive Retirement Plan, CBS Bonus Supplemental Executive Retirement Plan, CBS Supplemental Employee Investment Fund, Westinghouse Executive Pension Plan, Paramount Non-Qualified Retirement Plan, Paramount Communications Inc. Supplemental Executive Retirement Plan, pension benefits payable under the Viacom Inc. Executive Severance Plan for Vice Presidents or the Viacom Inc. Executive Severance Plan for Senior Vice Presidents and any other executive benefit plan of Viacom or related contractual arrangements, each as in effect as of the date of this Agreement.

"Viacom Flexible Benefit Plan" means the Viacom FSA Plan, as in effect as of the time relevant to the applicable provision of this Agreement.

"Viacom Merger Sub" has the meaning set forth in the Recitals.

"Viacom Non-U.S. Benefit Plan" means any plan, policy, program, practice, arrangement, Contract, trust, insurance policy or other agreement maintained by Viacom for the benefit of employees who are compensated under a payroll which is administered outside the United States, its territories and possessions, and the District of Columbia.

"Viacom Pension Plan" means the Viacom Pension Plan.

"Viacom Plus" means that group of employees of Viacom currently doing business as "Viacom Plus."

"Viacom Welfare Plans" means all Viacom Employee Benefit Plans that are "welfare plans" within the meaning of Section 3(1) of ERISA, including, without limitation, plans providing for post-retirement health and life insurance benefits or COBRA benefits.

"Woburn" has the meaning set forth in Section 5.02(b).

ARTICLE II

THE SEPARATION

Section 2.01 Transfer of Assets.

(a) Transfer of New Viacom Assets. In accordance with the Restructuring Plan, on the terms and subject to the conditions set forth in this Agreement and pursuant to the Implementation Agreements, on or prior to the Separation Date, Viacom shall, and shall cause the applicable CBS Subsidiaries to,

contribute, distribute, assign, transfer, convey, license and deliver to the applicable member of the New Viacom Group, and the applicable member of the New Viacom Group shall accept from Viacom and the CBS Subsidiaries, all of Viacom's and the CBS Subsidiaries' respective rights, title and interest, if any, in and to all New Viacom Assets; provided, however, that the Deferred Transfer Assets shall not be contributed, distributed, assigned, transferred, conveyed, licensed or delivered on or prior to the Separation Date. Any Deferred Transfer Asset which is a New Viacom Asset shall be deemed to have been contributed, distributed, assigned, transferred, conveyed, licensed or delivered pursuant to this Section 2.01(a) on the Separation Date upon its actual contribution, distribution, assignment, transfer, conveyance, license or delivery to a member of the New Viacom Group as contemplated in Section 2.11(a) hereof.

(b) Transfer of CBS Assets. In accordance with the Restructuring Plan, on the terms and subject to the conditions set forth in this Agreement and pursuant to the Implementation Agreements, on or prior to the Separation Date, New Viacom shall, and shall cause the applicable New Viacom Subsidiaries to, contribute, distribute, assign, transfer, convey, license and deliver to Viacom or the applicable member of the CBS Group, and Viacom or the applicable member of the CBS Group shall accept from New Viacom and the New Viacom Subsidiaries, all of New Viacom's and the New Viacom Subsidiaries' respective rights, title and interest, if any, in and to all CBS Assets; provided, however, that the Deferred Transfer Assets shall not be contributed, distributed, assigned, transferred, conveyed, licensed or delivered on or prior to the Separation Date. Any Deferred Transfer Asset which is a CBS Asset will be deemed to have been contributed, distributed, assigned, transferred, conveyed, licensed or delivered pursuant to this Section 2.01(b) on the Separation Date upon its actual contribution, distribution, assignment, transfer, conveyance, license or delivery to a member of the CBS Group as contemplated in Section 2.11(a) hereof.

Section 2.02 Assumption of Liabilities.

(a) Assumption of New Viacom Liabilities. In accordance with the Restructuring Plan, on the terms and subject to the conditions set forth in this Agreement and pursuant to the Implementation Agreements, on or prior to the Separation Date, New Viacom shall, and shall cause the applicable members of the New Viacom Group to, accept, assume (or, as applicable, retain) and perform, discharge and fulfill, in accordance with their respective terms, all the New Viacom Liabilities. New Viacom shall thereafter be responsible for all New Viacom Liabilities, regardless of (i) when or where such Liabilities arose or arise, (ii) whether the facts upon which they are based occurred prior to, on or subsequent to the Separation Date and (iii) where or against whom such Liabilities are asserted or determined. Any Deferred Transfer Liability which is a New Viacom Liability will be deemed to have been accepted or assumed pursuant to this Section 2.02(a) on the Separation Date upon its actual acceptance or assumption by a member of the New Viacom Group.

(b) Assumption of CBS Liabilities. In accordance with the Restructuring Plan, on the terms and subject to the conditions set forth in this Agreement and pursuant to the Implementation Agreements, on or prior to the Separation Date, Viacom shall, and shall cause the applicable members of the CBS Group to, accept, assume (or, as applicable, retain) and perform, discharge and fulfill, in accordance with their respective terms, all the CBS Liabilities. CBS shall thereafter be responsible for all CBS Liabilities, regardless of (i) when or where such Liabilities arose or arise, (ii) whether the facts upon which they are based occurred prior to, on or subsequent to the Separation Date and (iii) where or against whom such Liabilities are asserted or determined. Any Deferred Transfer Liability which is a CBS Liability will be deemed to have been accepted or assumed pursuant to this Section 2.02(b) on the Separation Date upon its actual acceptance or assumption by a member of the CBS Group.

(c) Notwithstanding anything in this Agreement to the contrary, the foregoing, the rights, duties and obligations of the members of the New Viacom Group and the members of the CBS Group with respect to Insured New Viacom Liabilities, Insured New Viacom Losses, Insured CBS Liabilities and Insured CBS Losses shall be governed by Section 5.01.

Section 2.03 Mixed Contracts.

(a) Unless CBS and New Viacom otherwise agree, (i) any Contract that is a New Viacom Asset but inures to the benefit or burden of any member of the CBS Group (including, without limitation, those Contracts listed on Schedule 2.03(a)(i)) or that is a CBS Asset but inures to the benefit or burden of any member of the New Viacom Group (including, without limitation, those Contracts listed on Schedule 2.03(a)(ii)) (each, a "Mixed Contract") shall be assigned in part to the applicable member(s) of the other Group, if so assignable, prior to, on or after the Separation Date, so that each party or the members of their respective Groups shall be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to their respective businesses; provided, however, that in no event shall any member of either Group be required to assign any Mixed Contract in its entirety or to assign a portion of any Mixed Contract (including, without limitation, any Policy) which is not assignable by its terms (including, without limitation, any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (ii) if any Mixed Contract cannot be so partially assigned by its terms or otherwise, or if such assignment would impair the benefit the parties thereto derive from such Mixed Contract, CBS and New Viacom shall, and shall cause each of their respective Subsidiaries to, take such other reasonable and permissible actions to cause: (A) a member of the New Viacom Group to receive the benefit of that portion of each Mixed Contract that relates to the New Viacom Business (to the extent so related) as if such Mixed Contract had been assigned to a member of the New Viacom Group pursuant to this Section 2.03 and to bear the burden of the corresponding Liabilities as if such Liabilities had been assumed by a member of the New Viacom Group pursuant to this Section 2.03, and (B) a member of the CBS Group to receive the benefit of that portion of each Mixed Contract that relates to the CBS Business as if such Mixed Contract had been assigned to a member of the CBS Group pursuant to this Section 2.03 and to bear the burden of the corresponding Liabilities as if such Liabilities had been assumed by a member of the CBS Group pursuant to this Section 2.03. Each of New Viacom and CBS shall, and shall cause the members of its Group to, (i) treat for all Income Tax purposes the portion of each Mixed Contract inuring to their respective businesses as Assets owned by, or Liabilities of, such party as of the Separation Date and (ii) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

(b) Nothing in paragraph (a) above shall require any member of either Group to make any material payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any material obligation or grant any material concession on behalf of any member of the other Group in order to effect any transaction contemplated by paragraph (a) above.

Section 2.04 Intercompany Accounts.

(a) On or before the Separation Date, CBS and New Viacom shall settle in the manner set forth in the Restructuring Plan all Intercompany Balances, other than those Intercompany Balances that relate to ordinary course business activities of a member of the CBS Group, on the one hand, and a member of the New Viacom Group, on the other hand, which shall be governed by Section 2.04(b).

(b) Following the Separation Date, members of the CBS Group, on the one hand, and members of the New Viacom Group, on the other hand, shall pay in accordance with past practice all Intercompany Balances that relate to ordinary course business activities and were incurred on or prior to the Separation Date.

Section 2.05 Substitution of Obligors.

(a) With respect to CBS Liabilities (other than Liabilities arising under CBS Litigation Matters, Future CBS Litigation Matters and Future Joint Litigation Matters, which are addressed in Section 8.01) for which a member of the New Viacom Group may be liable under a Contract as

guarantor, assignor, original tenant, primary obligor or otherwise (the "CBS Obligations"), including, without limitation, those set forth on Schedule 2.05(a):

(i) With respect to the CBS Obligations set forth on Schedule 2.05(a)(i), CBS and New Viacom shall use reasonable efforts to terminate the Liabilities of, and to obtain in writing the unconditional release of, the relevant member(s) of the New Viacom Group, or to cause a member(s) of the CBS Group to be substituted in all respects for the relevant member(s) of the New Viacom Group, so that, in any such case, members of the CBS Group will be solely responsible under the terms of the applicable Contract for such CBS Obligations; provided, however, that any such termination, release or substitution must be effected pursuant to documentation reasonably satisfactory in form and substance to the Chief Financial Officer or the Treasurer of New Viacom. Except as agreed pursuant to the preceding sentence, New Viacom shall not, and shall cause the members of its Group not to, seek to obtain any such termination, release or substitution. If CBS is requested to pay a fee or provide other consideration to obtain such a termination, release or substitution and CBS refuses to pay such fee or provide such other consideration, CBS must notify New Viacom of the request and of its refusal as soon as reasonably practicable and New Viacom shall be entitled to make such payment or provide such other consideration on behalf of CBS.

(ii)

If such a termination, release or substitution is not effected by the Separation Date, then from and after the Separation Date,

(A) without the prior written consent of the Chief Financial Officer or the Treasurer of New Viacom, CBS shall not, and shall cause the members of the CBS Group not to, renew or extend the term of, increase its obligations under, or transfer to a third party, any loan, Contract or other obligation for which any member of the New Viacom Group is or may be liable thereunder unless all obligations of the New Viacom Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to the Chief Financial Officer or the Treasurer of New Viacom; provided that the limitations in this clause (ii)(A) shall not apply,

(1)

with respect to the renewal or extension of the term of any lease of real property pursuant to the terms thereto; provided that, with respect to any CBS Obligation listed on Schedule 2.05(a)(i), CBS shall seek the termination, release or substitution provided for in clause (a)(i) above in connection with seeking any such renewal or extension to the extent that seeking such termination, release or substitution would not, in CBS's good faith discretion, have adverse consequences to any member of the CBS Group; provided further that, CBS shall only be required to seek such termination, release or substitution in connection with the first such renewal or extension,

(2)

in the event that a member of the CBS Group obtains a letter of credit for the benefit of New Viacom in an amount and from a financial institution reasonably acceptable to New Viacom with respect to the obligation for which a member of the New Viacom Group is liable and New Viacom has no material obligation under such loan, Contract or other obligation other than the financial obligation which is the subject of such letter of credit,

(3)

in the case of a transfer of such loan, Contract or other obligation to a third party, if

a.

CBS or a member of the CBS Group remains liable for all of the obligations and Liabilities it would have been liable for under such loan, Contract or other obligation had such transfer not occurred; and

b.

the third party transferee agrees in writing to be bound by the restrictions of this clause (ii)(A) and the obligations under Section 2.05(b) as if it were a member of the CBS Group; provided that, if, after using reasonable efforts, CBS is unable to obtain the agreement of any such transferee to comply with the terms and conditions of this (ii)(A)(3)(b), CBS shall be entitled to effect such transfer without giving effect to this

Edgar Filing: VIACOM INC - Form S-4/A

clause (ii)(A)(3)(b) with the prior written consent of the Chief Financial Officer or the Treasurer of New Viacom, which consent shall not be unreasonably withheld or delayed; and

(B) without the prior written consent of the Chief Financial Officer or the Treasurer of CBS, no member of the New Viacom Group shall renew or extend the term of, increase its obligations under, or transfer to a third party, any loan, Contract or other obligation for which any member of the CBS Group is or may be liable under this Agreement.

(b) For so long as any member of the New Viacom Group may be liable as guarantor, assignor, original tenant, primary obligor or otherwise under a Contract for a CBS Obligation, (i) within five (5) days after receipt thereof, CBS and New Viacom shall promptly provide to each other copies of any and all notices of default with respect to any CBS Obligations received by any member of their respective Group and (ii) within ten (10) days following the execution by any member of either Group of any notice or agreement providing for the renewal or extension of any loan, Contract or other obligation underlying a CBS Obligation or any other amendment or modification of such loan, Contract or other obligation (or as soon thereafter as practicable following receipt thereof from the applicable counterparty) in accordance with subparagraph (a)(ii), New Viacom and CBS shall provide each other with a copy of any such notice, agreement, amendment or modification. Each of New Viacom and CBS shall also promptly provide to each other any additional information in connection with such renewal, extension, amendment or modification as such other party may reasonably request.

(c) CBS shall update Schedule 2.05(a) to reflect any CBS Obligations inadvertently omitted from Schedule 2.05(a) or as to which a member of the New Viacom Group is no longer liable, including, without limitation, to the extent New Viacom notifies CBS of the need for such updates, and deliver an electronic copy thereof to New Viacom within 20 Business Days of the end of each calendar year through the date on which no member of the New Viacom Group is liable for any CBS Obligations.

(d) With respect to New Viacom Liabilities (other than Liabilities arising under New Viacom Litigation Matters, Future New Viacom Litigation Matters and Future Joint Litigation Matters, which are addressed in Section 8.01) for which a member of the CBS Group may be liable under a Contract as guarantor, assignor, original tenant, primary obligor or otherwise (the "New Viacom Obligations"), including, without limitation, those set forth on Schedule 2.05(d):

(i) With respect to the New Viacom Obligations set forth on Schedule 2.05(d)(i), New Viacom and CBS shall use reasonable efforts to terminate the Liabilities of, and to obtain in writing the unconditional release of, the relevant member(s) of the CBS Group, or to cause a member(s) of the New Viacom Group to be substituted in all respects for the relevant member(s) of the CBS Group, so that, in any such case, members of the New Viacom Group will be solely responsible under the terms of the applicable Contract for such New Viacom Obligations; provided, however, that any such termination, release or substitution must be effected pursuant to documentation reasonably satisfactory in form and substance to the Chief Financial Officer or the Treasurer of CBS. Except as agreed pursuant to the preceding sentence, CBS shall not, and shall cause the members of its Group not to, seek to obtain any such termination, release or substitution. If New Viacom is requested to pay a fee or provide other consideration to obtain such a termination, release or substitution and New Viacom refuses to pay such fee or provide such other consideration, New Viacom must notify CBS of the request and of its refusal as soon as reasonably practicable and CBS shall be entitled to make such payment or provide such other consideration on behalf of New Viacom.

(ii) If such a termination, release or substitution is not effected by the Separation Date, then from and after the Separation Date,

(A) without the prior written consent of the Chief Financial Officer or the Treasurer of CBS, New Viacom shall not, and shall cause the members of its Group not to, renew or extend the term of,

increase its obligations under, or transfer to a third party, any loan, Contract or other obligation for which any member of the CBS Group is or may be liable thereunder unless all obligations of the CBS Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to the Chief Financial Officer or the Treasurer of CBS; provided that the limitations in this clause (ii)(A) shall not apply,

- (1) with respect to the renewal or extension of the term of any lease of real property pursuant to the terms thereto; provided that, with respect to any New Viacom Obligation listed on Schedule 2.05(d)(i), New Viacom shall seek the termination, release or substitution provided for in clause (d)(i) above in connection with seeking any such renewal or extension to the extent that seeking such termination, release or substitution would not, in New Viacom's good faith discretion, have adverse consequences to any member of the New Viacom Group; provided further that, New Viacom shall only be required to seek such termination, release or substitution in connection with the first such renewal or extension,
- (2) in the event that a member of the New Viacom Group obtains a letter of credit for the benefit of CBS in an amount and from a financial institution reasonably acceptable to CBS with respect to the obligation for which a member of the CBS Group is liable and CBS has no material obligation under such loan, Contract or other obligation other than the financial obligation which is the subject of such letter of credit,
- (3) in the case of a transfer of such loan, Contract or other obligation to a third party, if
 - a. New Viacom or a member of the New Viacom Group remains liable for all of the obligations and Liabilities it would have been liable for under such loan, Contract or other obligation had such transfer not occurred; and
 - b. the third party transferee agrees in writing to be bound by the restrictions of this clause (ii)(A) and the obligations under Section 2.05(e) as if it were a member of the New Viacom Group; provided that, if, after using reasonable efforts, New Viacom is unable to obtain the agreement of any such transferee to comply with the terms and conditions of this (ii)(A)(3)(b), New Viacom shall be entitled to effect such transfer without giving effect to this clause (ii)(A)(3)(b) with the prior written consent of the Chief Financial Officer or the Treasurer of CBS, which consent shall not be unreasonably withheld or delayed; and

(B) without the prior written consent of the Chief Financial Officer or the Treasurer of New Viacom, no member of the CBS Group shall renew or extend the term of, increase its obligations under, or transfer to a third party, any loan, Contract or other obligation for which any member of the New Viacom Group is or may be liable under this Agreement.

(e) For so long as any member of the CBS Group may be liable as guarantor, assignor, original tenant, primary obligor or otherwise under a Contract for a New Viacom Obligation, (i) within five (5) days after receipt thereof, CBS and New Viacom shall promptly provide to each other copies of any and all notices of default with respect to any New Viacom Obligations received by any member of their respective Group and (ii) within ten (10) days following the execution by any member of either Group of any notice or agreement providing for the renewal or extension of any loan, Contract or other obligation underlying a New Viacom Obligation or any other amendment or modification of such loan, Contract or other obligation (or as soon thereafter as practicable following receipt thereof from the applicable counterparty) in accordance with subparagraph (d)(ii), New Viacom and CBS shall provide each other with a copy of any such notice, agreement, amendment or modification. Each of New Viacom and CBS shall also promptly provide to each other any additional information in connection with such renewal, extension, amendment or modification as such other party may reasonably request.

(f) New Viacom shall update Schedule 2.05(d) to reflect any New Viacom Obligations inadvertently omitted from such Schedule 2.05(d) or as to which a member of the CBS Group is no longer liable, including, without limitation, to the extent CBS notifies New Viacom of the need for such updates, and deliver an electronic copy to CBS within 20 Business Days of the end of each calendar year through the date on which no member of the CBS Group is liable for any New Viacom Obligations.

(g) Following the Separation Date, (i) CBS agrees to perform all obligations and to comply with all covenants under the Contracts and loans relating to the CBS Obligations as if it were the guarantor, assignor, original tenant, primary obligor or otherwise in respect of such CBS Obligations and to use its reasonable best efforts to enforce the provisions related to the CBS Obligations that benefit New Viacom at the direction of New Viacom, and New Viacom agrees to use its reasonable best efforts to enforce the provisions under the Contracts related to the CBS Obligations that benefit CBS at the direction of CBS and (ii) New Viacom agrees to perform all obligations and to comply with all covenants under the Contracts and loans relating to the New Viacom Obligations as if it were the guarantor, assignor, original tenant, primary obligor or otherwise in respect of such New Viacom Obligations and to use its reasonable best efforts to enforce the provisions under the Contracts related to the New Viacom Obligations that benefit CBS at the direction of CBS, and CBS agrees to use its reasonable best efforts to enforce the provisions related to the New Viacom Obligations that benefit New Viacom at the direction of New Viacom. To the extent that the terms of any applicable CBS Obligation provide that any member of the New Viacom Group shall have a payment or other similar obligation in respect of such CBS Obligation, New Viacom shall be entitled to demand that CBS make such payment directly to the Person or entity entitled thereto or directly satisfy such similar obligation, provided that doing so is not in violation of the terms of the applicable CBS Obligation or does not jeopardize or diminish the benefits of such CBS Obligation. Similarly, to the extent that the terms of any applicable New Viacom Obligation provide that any member of the CBS Group shall have a payment or other similar obligation in respect of such New Viacom Obligation, CBS shall be entitled to demand that New Viacom make such payment directly to the Person or entity entitled thereto or directly satisfy such similar obligation, provided that doing so is not in violation of the terms of the applicable New Viacom Obligation or does not jeopardize or diminish the benefits of such New Viacom Obligation.

(h) Each of New Viacom and CBS shall, and shall cause the members of its Group to, (i) treat for all Income Tax purposes each of the New Viacom Obligations and the CBS Obligations as Liabilities of the appropriate member of the New Viacom Group or the CBS Group, respectively, for federal Income Tax purposes as of the Separation Date and (ii) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

Section 2.06 Transfer Documents.

(a) In furtherance of the contribution, assignment, transfer and conveyance of the New Viacom Assets and the acceptance and assumption of New Viacom Liabilities provided for in this Agreement, on or prior to the Separation Date or as promptly as practicable thereafter:

(i) CBS shall execute and deliver, and shall cause the CBS Subsidiaries to execute and deliver, to New Viacom and the New Viacom Subsidiaries, such bills of sale, stock powers, special or limited warranty deeds, assignments of Contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment to New Viacom and the New Viacom Subsidiaries of all of CBS's and the CBS Subsidiaries' right, title and interest in and to the New Viacom Assets;

(ii) New Viacom shall execute and deliver, and shall cause the New Viacom Subsidiaries to execute and deliver, to CBS and the CBS Subsidiaries such instruments of assumption as and to

the extent necessary to evidence the valid and effective assumption by New Viacom and the New Viacom Subsidiaries of the New Viacom Liabilities; and

(iii) New Viacom shall record, to the extent it is customary to do so, all instruments evidencing the transfer of the New Viacom Assets and, subject to Schedule 2.06(a), New Viacom and CBS shall share equally the cost of all Transfer Taxes with respect to such New Viacom Assets.

(b) In furtherance of the assignment, transfer and conveyance of the CBS Assets and the acceptance and assumption of the CBS Liabilities provided for in this Agreement, on or prior to the Separation Date or as promptly as practicable thereafter,

(i) New Viacom shall execute and deliver, and shall cause the New Viacom Subsidiaries to execute and deliver, to CBS and the CBS Subsidiaries, such bills of sale, stock powers, special or limited warranty deeds, assignments of Contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment to CBS and the CBS Subsidiaries of all of New Viacom's and the New Viacom Subsidiaries' right, title and interest in and to the CBS Assets;

(ii) CBS shall execute and deliver, and cause the CBS Subsidiaries to execute and deliver, to New Viacom and the New Viacom Subsidiaries such instruments of assumption as and to the extent necessary to evidence the valid and effective assumption by CBS and the CBS Subsidiaries of the CBS Liabilities; and

(iii) CBS shall record, to the extent it is customary to do so, all instruments evidencing the transfer of the CBS Assets and, subject to Schedule 2.06(b), CBS and New Viacom shall share equally the cost of all Transfer Taxes with respect to such CBS Assets.

Section 2.07 Ancillary Agreements.

(a) Effective on or prior to the Separation Date, the parties shall execute and deliver the Tax Matters Agreement, the Transition Services Agreement, the written Intercompany Agreements not already executed, the License Agreements and any other Implementation Agreements required to effect the Separation.

(b) On or before the Separation Date:

(i) CBS shall deliver to New Viacom the resignation, effective as of the Separation Date, of each Person who is an officer or a director of any member of the New Viacom Group immediately prior to the Separation Date and who will be an employee or officer of any member of the CBS Group immediately after the Separation Date other than the individuals listed on Schedule 2.07(b).

(ii) New Viacom shall deliver to CBS the resignation, effective as of the Separation Date, of each Person who is an officer or a director of any member of the CBS Group immediately prior to the Separation Date and who will be an employee or officer of any member of the New Viacom Group immediately after the Separation Date other than the individuals listed on Schedule 2.07(b).

Section 2.08 Special Dividend

(a) Not less than 15 days prior to the Separation Date, Viacom shall have calculated the Estimated Special Dividend Amount and shall have prepared a schedule in the form attached hereto as Schedule 2.08(a) (the "Estimated Calculation Statement") setting forth such good faith calculation of the Estimated Special Dividend Amount. The board of directors of New Viacom shall, in accordance with the Bylaws of New Viacom and the Delaware General Corporation Law, declare a dividend to Viacom, as the sole stockholder of New Viacom, in the amount of the Estimated Special Dividend Amount, subject to adjustment pursuant to Section 2.08(e) hereof, and cause the Estimated Special Dividend Amount to be paid to Viacom not later than the last Business Day prior to the Separation Date.

(b) As promptly as practicable, but no later than 75 days after the Separation Date, CBS shall prepare and deliver to New Viacom a schedule in the form attached hereto as Schedule 2.08(a) setting

forth CBS's good faith calculation of the Special Dividend Amount (the "Initial Calculation Statement"), together with detailed backup supporting such calculation. During the 45 days immediately following New Viacom's receipt of the Initial Calculation Statement, New Viacom and its Representatives will be permitted to review CBS's books and records relating to the Initial Calculation Statement and CBS's calculation of the Special Dividend Amount, and CBS shall reasonably make available to New Viacom and its Representatives the individuals responsible for the preparation of the Initial Calculation Statement in order to respond to the inquiries of New Viacom and its Representatives.

(c) New Viacom shall notify CBS in writing (the "Notice of Disagreement") within 45 days after receiving the Initial Calculation Statement if New Viacom disagrees with CBS's good faith calculation of the Special Dividend Amount, which Notice of Disagreement shall set forth in reasonable detail the basis for such dispute and the U.S. Dollar amounts involved and New Viacom's good faith estimate of the Special Dividend Amount. If the Special Dividend Amount set forth on both the Initial Calculation Statement and the Notice of Disagreement is greater than the Estimated Special Dividend Amount, then New Viacom shall pay to CBS the undisputed amount of such excess in immediately available funds, and if the Special Dividend Amount set forth on both the Initial Calculation Statement and the Notice of Disagreement is less than the Estimated Special Dividend amount, then CBS shall pay to New Viacom the undisputed amount of such deficit in immediately available funds, in either case within 5 Business Days after delivery of the Notice of Disagreement by New Viacom (the amount of any such payment by New Viacom or CBS being an "Undisputed Amount"). If no Notice of Disagreement is received by CBS within such 45-day period, then the Initial Calculation Statement shall be deemed to have been accepted by New Viacom, shall become final and binding upon the parties, and as such shall be the Final Calculation Statement.

(d) During the 20 days immediately following the delivery of a Notice of Disagreement, New Viacom and CBS shall seek in good faith to resolve any differences that they may have with respect to any matter specified in the Notice of Disagreement. If at the end of such 20-day period New Viacom and CBS have been unable to agree upon the Special Dividend Amount, New Viacom and CBS shall submit to [] or, if [] is not at that time independent of both New Viacom and CBS, to an independent public accounting firm that is acceptable to both New Viacom and CBS (in either case, the "Independent Decisionmaker") for review and resolution any and all matters that remain in dispute with respect to the Notice of Disagreement. The Independent Decisionmaker shall make a determination, which shall be final and binding on the parties hereto, of the Special Dividend Amount within 20 days, and such final determination shall be the Final Calculation Statement. The cost of the Independent Decisionmaker's review and determination shall be paid one-half by New Viacom and one-half by CBS. During the 20-day review by the Independent Decisionmaker, New Viacom and CBS will each make available to the Independent Decisionmaker such individuals and such information, books and records as may be required by the Independent Decisionmaker to make its final determination.

(e) (i) If the Special Dividend Amount (as set forth in the Final Calculation Statement) exceeds the Estimated Special Dividend Amount, then New Viacom shall pay to CBS an amount equal to such excess in immediately available funds (less any Undisputed Amount previously paid by New Viacom in accordance with Section 2.08(c)), and (ii) if the Estimated Special Dividend Amount exceeds the Special Dividend Amount (as set forth in the Final Calculation Statement), then CBS shall pay to New Viacom an amount equal to such excess in immediately available funds (less any Undisputed Amount previously paid by CBS in accordance with Section 2.08(c)), in either case within 5 Business Days after the Final Calculation Statement becomes final and binding on the parties hereto. If the Special Dividend Amount (as set forth in the Final Calculation Statement) is equal to the Estimated Special Dividend Amount, then neither New Viacom nor CBS shall owe any amount to the other party pursuant to this Section 2.08.

Edgar Filing: VIACOM INC - Form S-4/A

(f) Each of New Viacom and CBS agrees that following the Separation Date and through the date that payment, if any, is made pursuant to Section 2.08(e), it will not take any actions with respect to any accounting books, records, policy or procedure on which the Initial Calculation Statement or the Final Calculation Statement is to be based that are inconsistent with past practices of Viacom or that would make it impossible or impracticable to calculate the Special Dividend Amount in the manner and utilizing the methods required hereby.

(g) For purpose of this Section 2.08:

"Estimated Special Dividend Amount" means Viacom's preliminary good faith estimate of the Special Dividend Amount.

"Final Calculation Statement" means the calculation of the Special Dividend Amount that is final and binding on New Viacom and CBS, in the manner set forth in this Section 2.08.

"Special Dividend Amount" means an amount sufficient to establish CBS's opening gross debt balance from continuing operations as of the Separation Date at \$7.0 billion, as calculated pursuant to, and subject to such adjustments as are described in, Schedule 2.08(a).

Section 2.09 Conduct of Business Following the Separation.

(a) The New Viacom Group shall not, directly or indirectly, own, hold or acquire a Media Company Interest to the extent that such ownership, holding or acquisition would cause any member of the CBS Group to be in violation of the FCC Broadcast Ownership Rules or limit in any manner at any time under such Rules the ability of any member of the CBS Group to acquire or hold Broadcast Interests (any such interest that the New Viacom Group may not own, hold or acquire being a "Prohibited Interest"); provided, however, that the New Viacom Group may acquire a Prohibited Interest in connection with the acquisition of an enterprise if (i) in the acquired enterprise's last complete fiscal year prior to such acquisition, the business or asset of such enterprise giving rise to such Prohibited Interest generated less than 25% of such enterprise's consolidated revenues (calculated on a full-year pro forma basis, if such business or asset was acquired by such acquired enterprise after commencement of such last completed fiscal year), (ii) the acquisition does not cause any member of the CBS Group (or Mr. Sumner M. Redstone, National Amusements, Inc., NAIRI Inc. or any of their successors, assigns or transferees holding interests in both the CBS Group and the New Viacom Group that are attributable for purposes of the FCC Broadcast Ownership Rules) to be in violation of the FCC Broadcast Ownership Rules and (iii) the New Viacom Group agrees to promptly divest the Prohibited Interest or the business or asset giving rise to such Prohibited Interest so that the ability of the members of the CBS Group to operate in a manner consistent with the FCC Broadcast Ownership Rules or acquire or hold Broadcast Interests is not impaired in any respect. To the extent it is not prohibited from doing so, New Viacom shall, to the extent reasonably practicable, give CBS advance notice of any agreement to acquire a Prohibited Interest. If New Viacom is obligated to divest a Prohibited Interest pursuant to clause (iii) of this paragraph (a), New Viacom shall provide CBS with a 10-day period to negotiate with New Viacom to acquire such Prohibited Interest before New Viacom enters into negotiations related thereto with any other parties.

(b) No member of either the New Viacom Group or the CBS Group shall, directly or indirectly, own, hold or acquire a Cable Operator Interest to the extent that such ownership, holding or acquisition would subject any member of the other Group to the FCC Program Access Rules (a "Prohibited Cable Interest"); provided, however, that a Group may own, hold or acquire a Prohibited Cable Interest if at the time of the acquisition of such Prohibited Cable Interest the other Group is for independent reasons already subject either to the FCC Program Access Rules or to a Restriction that imposes effectively the same limitations on such other Group as the FCC Program Access Rules.

(c) New Viacom and CBS shall each provide the other with any information about its Group that any member of the other Group is required to include in submissions made to the FCC, in accordance with the provisions of Article III.

(d) Each of New Viacom and CBS shall not, and shall cause the members of their respective Group not to, directly or indirectly, (i) acquire any asset, enter into any agreement or affirmatively accept or agree to any condition that purports to bind any member of the other Group or that subjects any member of the other Group to Restrictions to which such other Group is not for independent reasons already effectively subject, in either case without such member's express written consent; or (ii) take any action that would result in any member of the other Group being in breach of or default under any Contract entered into prior to the Separation Date and listed on Schedule 2.09(d)(ii), as the same may be amended from time to time.

(e) The provisions of paragraphs (a), (b) and (c) of this Section 2.09 and the parties' rights and obligations thereunder shall terminate and no longer be in effect from and after such time as none of Mr. Redstone, National Amusements, Inc., NAIRI Inc. or any of their successors, assigns or transferees is deemed to have ownership interests in both CBS and New Viacom that are attributable for purposes of the FCC Broadcast Ownership Rules (in the case of paragraphs (a) and (c)) or the FCC Program Access Rules (in the case of paragraphs (b) and (c)). If not already terminated pursuant to the first sentence of this paragraph (e), the rights and obligations of a Group under paragraph (b) of this Section 2.09 shall terminate and no longer be in effect from and after the earlier to occur of (i) such time as the other Group ceases to have an ownership interest that is attributable for purposes of the FCC Program Access Rules in the entities listed in Schedules 2.09(e)(i) or 2.09(e)(ii), as applicable, or (ii) the fourth anniversary of the Separation Date. Notwithstanding any termination pursuant this paragraph (e), the parties hereto shall remain liable for any breaches of this Section 2.09 occurring prior to such time.

Section 2.10 Disclaimer of Representations and Warranties.

(a) New Viacom (on behalf of itself and each member of the New Viacom Group) understands and agrees that, except as expressly set forth in any Ancillary Agreement, no party to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement, any Ancillary Agreement or otherwise is representing or warranting in any way as to the New Viacom Assets or New Viacom Liabilities transferred, assumed or retained as contemplated hereby or thereby, as to any Consents or Governmental Approvals required in connection therewith, as to the value or freedom from any Encumbrances of, or any other matter concerning, any New Viacom Asset or New Viacom Liability, or as to the absence of any defense or right of setoff or freedom from counterclaim with respect to any claim or other New Viacom Asset, including, without limitation, any accounts receivable of any party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder or thereunder to convey title to any New Viacom Asset or thing of value upon the execution, delivery and filing hereof or thereof.

(b) CBS (on behalf of itself and each member of the CBS Group) understands and agrees that, except as expressly set forth in any Ancillary Agreement, no party to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement, any Ancillary Agreement or otherwise is representing or warranting in any way as to the CBS Assets or CBS Liabilities transferred, assumed or retained as contemplated hereby or thereby, as to any Consents or Governmental Approvals required in connection therewith, as to the value or freedom from any Encumbrances of, or any other matter concerning, any CBS Asset or CBS Liability, or as to the absence of any defense or right of setoff or freedom from counterclaim with respect to any claim or other CBS Asset, including, without limitation, any accounts receivable of any party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any CBS Asset or thing of value upon the execution, delivery and filing hereof or thereof.

(c) Except as may expressly be set forth in any Ancillary Agreement, all such New Viacom Assets and CBS Assets are being transferred on an "as is," "where is" basis (and, in the case of any real property, by means of a special or limited warranty deed or similar form of deed or conveyance) and the respective transferees shall bear the economic and legal risks that (i) any conveyance shall prove to

be insufficient to vest in the transferee good and marketable title, free and clear of any Encumbrance, and (ii) any necessary Consents or Governmental Approvals are not obtained or any requirements of Law are not complied with.

Section 2.11 Deferred Transfers.

(a) If and to the extent that the transfer, assignment or novation to the New Viacom Group of any New Viacom Assets or New Viacom Liabilities, or to the CBS Group of any CBS Assets or CBS Liabilities, would be a violation of applicable Law or require any Consent or Governmental Approval or the fulfillment of any condition that cannot be fulfilled by the applicable member of the New Viacom Group or CBS Group, then, unless the parties shall otherwise agree, the transfer, assignment or novation to the transferee or assignee of such New Viacom Assets or New Viacom Liabilities or CBS Assets or CBS Liabilities shall be automatically deemed deferred and any such purported transfer or assignment shall be null and void until such time as all legal impediments are removed and/or such Consents or Governmental Approvals have been obtained or such condition has been fulfilled. Any such Liability shall be deemed a "Deferred Transfer Liability." Any such Asset shall be deemed (i) a "Deferred Transfer Asset" and (ii) notwithstanding the foregoing, a CBS Asset or New Viacom Asset, as the case may be, for purposes of determining whether any Liability related thereto is a CBS Liability or a New Viacom Liability.

(b) If the transfer or assignment of any Deferred Transfer Asset or assumption of any Deferred Transfer Liability is not consummated prior to or at the Separation Date, whether as a result of the provisions of Section 2.11(a) or for any other reason, then, insofar as reasonably possible, (i) the Person retaining such Deferred Transfer Asset shall thereafter hold such Deferred Transfer Asset for the use and benefit of the Person entitled thereto (at the expense of the Person entitled thereto) and (ii) the Person intended to assume such Deferred Transfer Liability shall, or shall cause the applicable member of its Group to, pay or reimburse the Person retaining such Deferred Transfer Liability for all amounts paid or incurred in connection with the retention of such Deferred Transfer Liability. In addition, the Person retaining such Deferred Transfer Asset shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Asset in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Person to which such Deferred Transfer Asset is to be transferred in order to place such Person, insofar as reasonably possible, in the same position as if such Deferred Transfer Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Deferred Transfer Asset, including, without limitation, possession, use, risk of loss, potential for gain, and dominion, control and command over such Deferred Transfer Asset, are to inure from and after the Separation Date to the member or members of the New Viacom Group or the CBS Group entitled to the receipt of such Deferred Transfer Asset.

(c) If and when the Consents, Governmental Approvals and/or conditions, the absence or non-satisfaction of which caused the deferral of transfer of any Deferred Transfer Asset or Deferred Transfer Liability pursuant to Section 2.11(a), are obtained or satisfied, the transfer, assignment or novation of the applicable Deferred Transfer Asset or Deferred Transfer Liability shall be effected in accordance with and subject to the terms of this Agreement and/or the applicable Ancillary Agreement.

(d) The Person retaining any Deferred Transfer Asset or Deferred Transfer Liability due to the deferral of the transfer or assignment of such Deferred Transfer Asset or the deferral of the assumption of such Deferred Transfer Liability pursuant to Section 2.11(a) or otherwise shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced, assumed, or agreed in advance to be reimbursed by the Person entitled to such Deferred Transfer Asset or the Person intended to be subject to such Deferred Transfer Liability, other than reasonable attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person entitled to such Deferred Transfer Asset or the Person intended to be subject to such Deferred Transfer Liability.

(e) Each of New Viacom and CBS shall, and shall cause the members of its Group to, (i) treat for all Income Tax purposes (A) the Deferred Transfer Assets as assets owned for federal Income Tax purposes by the Person entitled to such Deferred Transfer Assets as of the Separation Date and (B) the Deferred Transfer Liabilities as Liabilities owed for federal Income Tax purposes by the Person intended to be subject to such Deferred Transfer Liabilities as of the Separation Date and (ii) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

Section 2.12 Transfers of Assets or Liabilities Following the Separation. Subject to Section 2.11, in the event that, at any time on or after the Separation Date, any member of the CBS Group or the New Viacom Group shall receive or otherwise possess any Asset or incur any Liability that is allocated to a member of the other Group pursuant to this Agreement or an Ancillary Agreement, such party (the "Transferor") shall, to the extent permitted by Law, promptly transfer, or cause to be transferred, such Asset or Liability to the Person so entitled thereto or to have been responsible therefor (the "Transferee"), and such Transferee shall accept or assume, or cause to be accepted or assumed, such Asset or Liability. Prior to such transfer, the Transferor shall hold such Asset or Liability in trust for the benefit of the Transferee and shall perform all obligations of the Transferee under such agreement following the Separation Date. Each of New Viacom and CBS shall, and shall cause the members of its Group to, (a) treat for all Income Tax purposes the receipt of any such Asset or the accrual of any such Liability as having been originally received or accrued by the Transferee rather than the Transferor and (b) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

Section 2.13 Corporate Names; Trademarks.

(a) Except as specifically provided in the License Agreements or other Ancillary Agreements, beginning on the Separation Date, no member of the CBS Group may use any trademark, service mark, trade dress, Internet domain name, logo or other source identifier owned by any member of the New Viacom Group, including, without limitation, the marks "Viacom", "Viacom Outdoor" and "Paramount", except as permitted under applicable Law or subsequent agreement in writing between the parties. Notwithstanding the foregoing or anything in the Ancillary Agreements to the contrary, CBS shall not be required to take any action to remove any reference to Viacom, including the "Viacom" name, from (i) any stock certificates relating to shares of Viacom Common Stock outstanding on or prior to the Separation or (ii) materials already in the possession of customers or other unaffiliated third parties as of the Separation Date.

(b) Except as specifically provided in the License Agreements or other Ancillary Agreements, beginning on the Separation Date, no member of the New Viacom Group may use any trademark, service mark, trade dress, Internet domain name, logo or other source identifier owned by any member of the CBS Group, including, without limitation, the mark "CBS", except as permitted under applicable Law or subsequent agreement in writing between the parties. Notwithstanding the foregoing or anything in the Ancillary Agreements to the contrary, New Viacom shall not be required to take any action to remove any reference to CBS from materials already in the possession of customers or other unaffiliated third parties as of the Separation Date.

Section 2.14 Office of the Chairman.

(a) As of the Separation Date, Mr. Redstone shall be the chairman and an employee of each of CBS and New Viacom. Mr. Redstone's initial base salary with each of CBS and New Viacom will equal 50% of his base salary with Viacom at the rate in effect immediately before the Separation Date. Mr. Redstone's short-term incentive plan compensation for 2005 shall be determined jointly by and shared equally between CBS and New Viacom. Except as provided in the preceding two sentences, after the Separation Date, Mr. Redstone's base salary and other compensation (including, without

limitation, any long-term incentive compensation awards) from CBS and New Viacom, respectively, shall be determined independently by each of CBS and New Viacom in its sole discretion. Mr. Redstone shall be eligible to participate in the Viacom Employee Benefit Plans and the New Viacom Employee Benefit Plans in accordance with the terms of such plans.

(b) As of the Separation Date, Carl Folta will be a full-time employee of New Viacom and a part-time employee of CBS and will receive compensation and benefits from New Viacom and CBS pursuant to separate employment agreements he will enter into with each company. Mr. Folta's salary (at the rate in effect immediately before the Separation Date) will be shared between New Viacom and CBS on the basis of 50% for New Viacom and 50% for CBS. Mr. Folta's short-term incentive plan compensation for 2005 and subsequent years will be determined by the parties hereto and will be shared between New Viacom and CBS on the basis of 50% for New Viacom and 50% for CBS. CBS and New Viacom will jointly determine the amount of Mr. Folta's long-term incentive compensation and each will award 50% of Mr. Folta's long-term compensation, with the form of the grants to be consistent with grants for other executive officers of CBS and New Viacom. Mr. Folta shall be eligible to participate in the Viacom Employee Benefit Plans and the New Viacom Employee Benefit Plans in accordance with the terms of such plans.

(c) The individuals identified on Schedule 2.14(c) shall, as of the Separation Date, be employees of New Viacom. Acknowledging that such individuals will perform significant services for Mr. Redstone and his office in Mr. Redstone's capacity as Chairman of CBS and for Mr. Folta in his capacity as a member of the Office of the Chairman, CBS shall reimburse New Viacom for 50% of the cost of compensation and benefits of such individuals according to procedures agreed to by CBS and New Viacom.

(d) The tickets listed on Schedule 2.14(d) shall be allocated in accordance with the manner set forth therein.

ARTICLE III

CONFIDENTIALITY; EXCHANGE OF INFORMATION

Section 3.01 Ownership of Information. Subject to Section 3.06, any Information owned by a Providing Party that is provided to a Requesting Party pursuant to Section 3.04 shall be deemed to remain the property of the Providing Party. Unless specifically set forth herein or in any Ancillary Agreement, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

Section 3.02 Restrictions on Disclosure of Information.

(a) Without limiting any rights or obligations under any other agreement between or among any member of the CBS Group and any member of the New Viacom Group relating to confidentiality and subject to Section 3.03 and Section 3.08, each of the parties hereto agrees that it shall not, and shall not permit any member of its Group to, and that its or their respective Representatives shall not, disclose to any Person or use any Information with respect to the members or the businesses of the other Group ("Confidential Information") (other than to such members of its Group or its or their Representatives on a "need-to-know" basis in connection with the purpose for which the Confidential Information was originally disclosed). Such Information shall not be deemed Confidential Information to the extent that it is or was (i) in the public domain other than as a result of the breach of this Agreement or any other agreement between any member of the CBS Group and any member of the New Viacom Group, (ii) available to the Requesting Party outside the context of the Prior Relationship on a non-confidential basis prior to the disclosure of such Confidential Information by the Providing Party or (iii) independently developed by, or on behalf of, such party by Persons who do not have access to, or descriptions of, such Confidential Information. Notwithstanding anything to the contrary in this Section 3.02(a), any member of either Group may, subject to Section 3.08, disclose or use Confidential Information (x) if the parties hereto have consented in writing to such disclosure, which

consent shall not be unreasonably withheld or delayed, or (y) in connection with preparing and filing Tax Returns or in connection with any Tax Contest.

(b) Each of the parties hereto shall be responsible for any breach of this Section 3.02 and Section 3.03 by the Representatives of any member of its Group, and shall maintain and develop, and shall cause the members of its respective Group to maintain and develop, such policies and procedures as shall from time to time become necessary or appropriate to ensure compliance with this Section 3.02 and Section 3.03.

Section 3.03 Disclosure of Information. If either CBS or New Viacom or any member of their respective Groups or its or their respective Representatives becomes legally required to disclose any Confidential Information, such disclosing party, except to the extent prohibited by applicable Law, shall promptly notify the party hereto that owns such Confidential Information (the "Owning Party"), and, except to the extent such Confidential Information is to be used in connection with preparing or filing Tax Returns or in connection with any Tax Contest, shall use all commercially reasonable efforts to cooperate with the Owning Party so that the Owning Party may seek a protective order or other appropriate remedy and/or waive compliance with this Section 3.03. All expenses reasonably incurred by the disclosing party in seeking a protective order or other remedy shall be borne by the Owning Party. If such protective order or other remedy is not obtained, or if the Owning Party waives compliance with this Section 3.03, the disclosing party shall (a) disclose only that portion of the Confidential Information it is legally required to disclose, (b) use all commercially reasonable efforts to obtain reliable assurances requested by the Owning Party that confidential treatment will be accorded to such Confidential Information and (c) promptly provide the Owning Party with a copy of the Confidential Information so disclosed, in the same form and format as so disclosed, together with the identity of all Persons to whom such Confidential Information was disclosed.

Section 3.04 Access to Information.

(a) Subject to paragraph (c) below, during the Retention Period, at the request of either of the parties hereto (the "Requesting Party"), the other party hereto (the "Providing Party") shall, and shall cause the members of its Group or its or their respective Representatives, successors and assignees to, and shall use commercially reasonable efforts to cause joint ventures to which it is and they are a party but that are not members of their respective Groups (collectively, "Related Parties") to, cooperate with and afford to the Requesting Party and its Representatives, upon reasonable advance written request, reasonable access to all Information within the possession of the Providing Party or any Related Party (other than Information (i) the disclosure of which would have the effect of waiving a legal privilege or (ii) that is the subject of a confidentiality agreement between the Providing Party and a third party which prohibits disclosure to the Requesting Party, provided that the Providing Party shall use all commercially reasonable efforts to obtain such third party's consent to disclosure of such Information).

(b) Subject to paragraph (c) below, each party agrees to cooperate fully, and to cause the members of its respective Group or its or their respective Representatives, successors and assignees, to cooperate fully and to use commercially reasonable efforts to cause Related Parties to cooperate fully, to allow access during normal business hours and upon reasonable notice to each other's employees (i) to the extent that they are reasonably necessary to discuss and explain requested Information with and to the Requesting Party and (ii) with respect to any claims brought against the other, or any regulatory proceedings, investigations, Tax Contests, comments or reviews (formal or informal) to which the other is subject, involving the conduct of business by Viacom and its predecessors at any time prior to the Separation Date; provided, however, that such access will be granted only to the extent that such access does not unreasonably interfere with any employee's performance of his or her employment duties.

(c) With respect to paragraphs (a) and (b) of this Section 3.04, access to the requested Information shall be provided to the extent (i) permitted or required by Section 3.08, (ii) such Information reasonably relates to the Requesting Party's assets, business or operations or any Liability

the Requesting Party has assumed or is responsible for hereunder or under any of the Ancillary Agreements, and (iii) access is reasonably required by the Requesting Party for purposes of (A) auditing, (B) accounting, (C) the Requesting Party's investigation, defense or prosecution of claims, demands or Actions (except for claims, demands or Actions between members of the CBS Group and the New Viacom Group or for which indemnification from the other party is being sought (other than Third Party Claims)), (D) employee benefits, regulatory or Tax matters, (E) subject to Section 3.08, compliance with the request of a Governmental Authority having jurisdiction over the Requesting Party or a matter in which the Requesting Party has an interest, (F) fulfilling regulatory disclosure or reporting obligations, including, without limitation, Information reasonably necessary for preparing reports or documents required by or filed under the Securities Act or the Exchange Act with respect to any period entirely or partially prior to the Separation Date, or preparing and filing any Tax Return or engaging in any Tax Contest, or (G) any other reasonable purpose. Nothing herein is intended to put either Party's Information within the possession, custody or control of the other Party except to the extent expressly provided for herein. All expenses of the Providing Party complying with this Section 3.04 shall be borne by the Requesting Party.

Section 3.05 Record Retention.

(a) Each of CBS and New Viacom shall, and shall cause the members of its respective Group to, preserve and keep their Records relating to any period prior to the Separation Date in their possession, whether in electronic form or otherwise, until the latest of, as applicable, (i) the date on which such Records are no longer required to be retained pursuant to Viacom's applicable record retention policy as in effect immediately prior to the Separation Date, including, without limitation, pursuant to any "Litigation Hold" issued by Viacom or any of its Subsidiaries prior to the Separation Date, (ii) any period as may be required by any applicable Law, (iii) any period during which such Records relate to a pending or threatened claim, demand or Action which is known to the members of the Group in possession of such Records, (iv) any period during which the destruction of such Records could interfere with a pending or threatened investigation by a Governmental Authority which is known to the members of the Group in possession of such Records and (v) with respect to Information relating to Taxes (subject to Section 3.06), [one year] after the expiration of the applicable statute of limitations (such latest period, the "Retention Period"), at such party's sole cost and expense; provided that with respect to any pending or threatened claim, demand or Action arising after the Separation Date, clause (iii) of this sentence applies only to the extent that whichever member of the New Viacom Group or the CBS Group is in possession of such Records has been notified in writing pursuant to a "Litigation Hold" by the other Party of such pending or threatened claim, demand or Action. Prior to disposing of any material financial records or work papers or any internal audit work papers and reports relating to the business of Viacom or any of its predecessors during any period prior to the Separation Date, each of CBS and New Viacom shall, and shall cause the members of its respective Groups to, notify the other party in writing of such intention and afford the other party the opportunity to take possession or request copies of such Records at its discretion.

(b) Each of the parties hereto shall, and shall cause the members of its respective Group to, use reasonable efforts to deliver to the other party (i) on or prior to the Separation Date, any and all original corporate organizational books that such party or any member of its Group has in its possession relating to the other party's Business, (ii) on or prior to the Separation Date, originals of any and all Records that any member of its Group knowingly has in its possession or control, whether in paper or electronic format, in each case relating primarily to the other party's Business, and (iii) as soon as reasonably practicable following their discovery, originals of any Records described in (ii) above which it or any member of its Group discovers are in its possession or control following the Separation Date; provided, however, that, with respect to clauses (i), (ii) and (iii) of this paragraph (b), the party providing such Records may retain copies of any such Records that relate to its Business, including, without limitation, corporate minute books and risk management files. The parties hereto agree that it shall not be necessary to search individual offices or desktop computers for such Records unless

Edgar Filing: VIACOM INC - Form S-4/A

specifically requested to do so by the other party and, in each such case, only to the extent it is reasonably necessary for a specific, identified business purpose.

Section 3.06 Information Relating to Certain Taxes. This Article III shall not apply to Information related to Income Taxes, Capital Taxes or Transfer Taxes, which shall instead be governed by the Tax Matters Agreement.

Section 3.07 Witness Services. At all times from and after the Separation Date, each of CBS and New Viacom shall use its commercially reasonable efforts to make available to the other, upon reasonable written request, its and its Subsidiaries' officers, directors, employees and agents as witnesses to the extent that (a) such Persons may reasonably be required in connection with the investigation, prosecution or defense of any claim, demand or Action in which either CBS or New Viacom or the members of their respective Groups may from time to time be involved (except for claims, demands or Actions between members of each Group) and (b) there is no conflict in the claim, demand or Action between the Requesting Party and the other party hereto or any such witnesses. A party providing witness services to the other party under this Section 3.07 shall be entitled to receive from the recipient of such services, upon the presentation of reasonably detailed invoices therefor, payments for such amounts relating to disbursements and other out-of-pocket expenses (which shall not include the costs of salaries and benefits of employees who are witnesses or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by the such employees' employer regardless of the employees' service as witnesses), as may be reasonably incurred in providing such witness services.

Section 3.08 Privileged Matters. CBS and New Viacom recognize that legal and other professional services that have been provided prior to the Separation Date have been provided for the benefit of each of Viacom, the members of the CBS Group and the members of the New Viacom Group, and that each of Viacom, the members of the CBS Group and the members of the New Viacom Group should be deemed to be the client for the purposes of asserting all privileges which may be asserted under applicable Law in connection therewith. Subject to paragraphs (a) through (h) of this Section 3.08, CBS and New Viacom shall, and shall cause the members of their respective Group to, maintain their respective separate and joint privileges, including, without limitation, by executing common interest agreements where necessary or useful for this purpose. All privileges relating to any claims, demands or Actions which involve members of both the CBS Group and the New Viacom Group in respect of which both parties retain any responsibility or Liability under this Agreement or any Ancillary Agreement shall be subject to a shared privilege among them. To allocate the interests of each party in the Information as to which any party is entitled to assert a privilege, whether or not such a privilege exists or the existence of which is in dispute, the parties agree as follows:

(a) CBS shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates to the CBS Business and not to the New Viacom Business, whether or not the privileged Information is in the possession of or under the control of members of the CBS Group or the New Viacom Group. CBS also shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates to the subject matter of any pending or future claim, demand or Action that is, or which CBS reasonably anticipates may become, a CBS Liability and that is not also, or that CBS reasonably anticipates will not become, a New Viacom Liability, whether or not the privileged Information is in the possession of or under the control of members of the CBS Group or the New Viacom Group.

(b) New Viacom shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates to the New Viacom Business and not to the CBS Business, whether or not the privileged Information is in the possession of or under the control of members of the CBS Group or the New Viacom Group. New Viacom also shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection

with privileged Information which relates to the subject matter of any pending or future claim, demand or Action that is, or which New Viacom reasonably anticipates may become, a New Viacom Liability and that is not also, or that New Viacom reasonably anticipates will not become, a CBS Liability, whether or not the privileged Information is in the possession of or under the control of members of the CBS Group or the New Viacom Group.

(c) Subject to the restrictions in this Section 3.08, New Viacom and CBS agree that they shall have equal right to assert all shared privileges and all privileges not allocated pursuant to the terms of Section 3.08(a) or (b) and which relate to the members of both the CBS Group and the New Viacom Group.

(d) Each party hereto shall ensure that no member of its respective Group may waive any privilege which could be asserted under any applicable Law, and in which the other party hereto has a shared privilege, without the written consent of the other party which shall not be unreasonably withheld or delayed or as provided in paragraph (e) or (f) below.

(e) In the event of any claim, demand, Action or other dispute between the members of the New Viacom Group, on the one hand, and the members of the CBS Group, on the other hand, either such party may waive a privilege in which the other party has a shared privilege, without obtaining the consent of the other party; provided, however, that such waiver of a shared privilege shall be effective only as to the use of Information with respect to the claim, demand, Action or other dispute between the members of the New Viacom Group, on the one hand, and the members of the CBS Group, on the other hand, and shall not operate as a waiver of the shared privilege with respect to third parties.

(f) If a dispute arises between the members of the New Viacom Group, on the one hand, and the members of the CBS Group, on the other hand, regarding whether a privilege should be waived to protect or advance the interest of either party, each party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to the rights of the other party, and shall not unreasonably withhold consent to any request for waiver by the other party. Each party hereto specifically agrees that it will not withhold consent to waiver for any purpose except to protect its own legitimate interests.

(g) Upon receipt by either party hereto or by any Subsidiary thereof of any subpoena, discovery or other request which arguably calls for the production or disclosure of Information subject to a shared privilege or as to which the other party or a Subsidiary thereof has the sole right hereunder to assert a privilege, or if either party obtains knowledge that any of its or any of its Subsidiaries' current or former directors, officers, agents or employees have received any subpoena, discovery or other requests which arguably call for the production or disclosure of such privileged Information, such party shall promptly notify the other party of the existence of the request and shall provide the other party a reasonable opportunity to review the Information and to assert any rights it or they may have under this Section 3.08 or otherwise to prevent the production or disclosure of such privileged Information.

(h) The transfer of all Records and other Information and each party's retention of Records and other Information which may include privileged Information of the other pursuant to this Agreement is made in reliance on the agreement of CBS and New Viacom, as set forth in Section 3.02 and this Section 3.08, to maintain the confidentiality of privileged Information and to assert and maintain all applicable privileges. The access to Information being granted pursuant to Sections 3.03 and 3.04 hereof, the agreement to provide witnesses pursuant to Section 3.07 hereof, the furnishing of notices and documents and other cooperative efforts contemplated by Section 9.06 hereof, and the transfer of privileged Information between and among the parties and their respective Subsidiaries pursuant to this Agreement shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

ARTICLE IV

FINANCIAL AND OTHER INFORMATION

Section 4.01 Financial and Other Information.

(a) Until the date (the "CBS Last 10-K Date") on which CBS's annual report on Form 10-K for the year in which the Separation Date occurs is filed, New Viacom shall, and shall cause each of the New Viacom Subsidiaries to, maintain a financial reporting system and a system of internal accounting controls in accordance with generally accepted accounting principles and SEC and Tax-related requirements that will provide reasonable assurance that New Viacom's and the New Viacom Subsidiaries' books, records and accounts fairly reflect all transactions and dispositions of Assets.

(b) After the Separation Date, as soon as practicable, and in any event within the Required Time Period, New Viacom shall deliver to CBS (i) a final monthly consolidated income statement and related schedules for New Viacom and the New Viacom Subsidiaries for the month-to-Separation Date period, (ii) a year-to-Separation Date consolidated income statement and related schedules for New Viacom and the New Viacom Subsidiaries, (iii) a consolidated balance sheet and related schedules as of the Separation Date and (iv) a final statement of cash flows and related schedules for New Viacom and the New Viacom Subsidiaries for the year-to-Separation Date period.

(c) This Section 4.01(c) shall not apply if the Separation Date occurs in the fourth quarter of Viacom's fiscal year. As soon as practicable, and in any event within [] days after the end of the quarter in which the Separation Date occurs and no later than [] days before CBS is required to file with the SEC its quarterly financial statements for such fiscal quarter, New Viacom shall deliver to CBS drafts of (i) the consolidated financial statements of New Viacom and the New Viacom Subsidiaries (and notes thereto) for such quarterly period and for the period from the beginning of the then-current fiscal year to the end of such quarter, setting forth in each case in comparative form for each such fiscal quarter of New Viacom the consolidated figures (and notes thereto) for the corresponding quarter and periods of the previous fiscal year and all in reasonable detail and prepared in accordance with Article 10 of Regulation S-X, and (ii) a discussion and analysis by management of New Viacom's and the New Viacom Subsidiaries' financial condition and results of operations for such fiscal period, including, without limitation, an explanation of any material adverse change, all in reasonable detail and prepared in accordance with Item 303(b) of Regulation S-K. The information set forth in subparagraphs (i) and (ii) above is herein referred to as the "Quarterly Financial Statements." No later than the earlier of (A) [] Business Days prior to the date New Viacom publicly files the Quarterly Financial Statements with the SEC or otherwise makes such Quarterly Financial Statements publicly available or (B) [] Business Days prior to the date on which CBS has notified New Viacom that it intends to file its quarterly financial statements with the SEC, New Viacom shall deliver to CBS the substantially final form of the Quarterly Financial Statements certified by the chief financial officer of New Viacom as presenting fairly, in all material respects, the financial condition and results of operations of New Viacom and the New Viacom Subsidiaries; provided that New Viacom and CBS shall actively consult with each other regarding any changes (whether or not substantive) which New Viacom may consider making to its Quarterly Financial Statements and related disclosures prior to the filing with the SEC. New Viacom shall deliver to CBS its final Quarterly Report on Form 10-Q for the quarter in which the Separation Date occurs no later than [] days after the end of such quarter. If the time periods required by the SEC for New Viacom or CBS to file their respective Quarterly Reports on Form 10-Q are changed, New Viacom and CBS shall renegotiate in good faith to set more appropriate time periods relating to the dates as set forth in this Section 4.01(c).

(d) As soon as practicable, and in any event within [] days after the end of the fiscal year of New Viacom in which the Separation Date occurs and no later than [] days before CBS is required to file with the SEC its annual financial statements for such fiscal year, New Viacom shall deliver to CBS drafts of (i) the consolidated financial statements of New Viacom and the New Viacom

Subsidiaries (and notes thereto) for such year, setting forth in comparative form the consolidated figures (and notes thereto) for the previous fiscal year and all in reasonable detail and prepared in accordance with Regulation S-X, and (ii) a discussion and analysis by management of New Viacom's and the New Viacom Subsidiaries' financial condition and results of operations for such year, including, without limitation, an explanation of any material adverse change, all in reasonable detail and prepared in accordance with Item 303(a) of Regulation S-K. The information set forth in subparagraphs (i) and (ii) above is herein referred to as the "Annual Financial Statements." New Viacom shall deliver to CBS all material revisions to such drafts as soon as any such revisions are prepared or made. No later than the earlier of (A) [] Business Days prior to the date New Viacom publicly files the Annual Financial Statements with the SEC or otherwise makes such Annual Financial Statements publicly available or (B) [] Business Days prior to the date on which CBS has notified New Viacom that it intends to file its annual financial statements with the SEC, New Viacom shall deliver to CBS the final form of the Annual Financial Statements certified by the chief financial officer of New Viacom as presenting fairly, in all material respects, the financial condition and results of operations of New Viacom and the New Viacom Subsidiaries; provided that New Viacom and CBS shall actively consult with each other regarding any changes (whether or not substantive) which New Viacom may consider making to its Annual Financial Statements and related disclosures prior to the filing with the SEC. New Viacom shall deliver to CBS its final Annual Report on Form 10-K for the fiscal year of New Viacom in which the Separation Date occurs no later than as set forth on Schedule 4.01(d). If the time periods required by the SEC for New Viacom or CBS to file their respective Annual Reports on Form 10-K are changed, New Viacom and CBS shall renegotiate in good faith to set more appropriate time periods relating to the dates as set forth in this Section 4.01(d).

(e) New Viacom shall deliver to CBS all Quarterly and Annual Financial Statements of each New Viacom Subsidiary for which it is required to file financial statements with the SEC or otherwise make such financial statements publicly available, with such financial statements to be provided for the same periods, in the same manner and detail and on the same time schedule as those financial statements of New Viacom required to be delivered to CBS pursuant to Sections 4.01(c) and (d).

(f) All information provided by New Viacom or any of the New Viacom Subsidiaries to CBS pursuant to Sections 4.01(b) through (e) inclusive shall be consistent in terms of format and detail and otherwise with the procedures in effect immediately prior to the Separation Date with respect to the provision of such financial information by Subsidiaries of Viacom (and, where appropriate, as presented as of immediately prior to the Separation Date in financial reports to Viacom's Board of Directors), with such changes therein as may be reasonably requested by CBS from time to time consistent with such procedures and in accordance with generally accepted accounting principles.

(g) (1) With respect to Public Filings by CBS, until the CBS Last 10-K Date and (2) with respect to Public Filings by New Viacom, until the date on which New Viacom's annual report on Form 10-K for the year in which the Separation Date occurs is filed, CBS and New Viacom shall cooperate fully, and cause their respective accountants to cooperate fully, to the extent requested by the other party, in the preparation of the other party's public earnings releases, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other proxy, information and registration statements, reports, notices, prospectuses and filings made with the SEC or any national securities exchange or otherwise made publicly available (collectively, the "Public Filings"). CBS and New Viacom agree to provide to each other all Information that the other party reasonably requests in connection with any Public Filings or that, in either party's judgment, is required to be disclosed or incorporated by reference therein under any Law. Such Information shall be provided by such party in a timely manner on the dates requested by the other party (which may be earlier than the dates on which such party otherwise would be required hereunder to have such Information available) to enable the other party to prepare, print and release all Public Filings on such dates as such party shall determine. CBS and New Viacom shall use their reasonable best efforts to cause their respective accountants to consent to any reference to them as experts in any Public Filings required under any

Law. If and to the extent requested by either party, the other party shall diligently and promptly review all drafts of such Public Filings and prepare in a diligent and timely fashion any portion of such Public Filings pertaining to that party. Prior to any printing or public release of any Public Filing, an appropriate executive officer of CBS or New Viacom shall, if requested by the other party, certify that the Information provided by such party relating to such party, the members of such party's Group or such party's business in such Public Filing is accurate, true and correct in all material respects.

(h) To the extent it relates to a pre-Separation Date period, New Viacom shall authorize the New Viacom Auditors to make available to the CBS Auditors both the personnel who performed or are performing the annual audit of New Viacom and work papers related to the annual audit of New Viacom, in all cases within a reasonable time prior to the New Viacom Auditors' opinion date, so that the CBS Auditors are able to perform the procedures they consider necessary to take responsibility for the work of the New Viacom Auditors as it relates to the CBS Auditors' report on CBS's audited annual financial statements, all within sufficient time to enable CBS to meet its timetable for the printing, filing and public dissemination of such audited annual financial statements.

(i) To the extent it relates to a pre-Separation Date period, New Viacom shall provide CBS's internal auditors access to New Viacom's and its Subsidiaries' Records so that CBS may conduct reasonable audits relating to the financial statements provided by New Viacom pursuant to the provisions of this Section 4.01 as well as to the internal accounting controls and operations of New Viacom and its Subsidiaries.

(j) To the extent it relates to a pre-Separation Date period, (1) each of the parties hereto shall give the other party hereto as much prior notice as is reasonably practicable of any changes in, or proposed determination of, its accounting estimates or accounting principles from those in effect as of immediately prior to the Separation Date or of any other action with regard to its accounting estimates or accounting principles or previously reported financial results which may affect the other party's financial results, (2) each of the parties hereto will consult with the other and, if requested by the party contemplating such changes, with such party's auditor and (3) unless required by generally accepted accounting principles, Law or a Governmental Authority, New Viacom shall not make such determination or changes which would affect CBS's previously reported financial results without CBS's prior consent, which shall not be unreasonably withheld. Further, notwithstanding the time periods specified in Sections 4.01(c) through (e) hereof, New Viacom will give CBS prompt notice of any amendments or restatements of accounting statements with respect to pre-Separation Date periods, and will provide CBS with access as provided in Section 4.01(h) hereof as promptly as possible such that CBS will be able to satisfy its financial reporting requirements.

(k) If, during the fiscal year in which the Separation Date occurs, New Viacom changes its fiscal year, then CBS and New Viacom will use their reasonable best efforts to agree on an interim audit date to support CBS's pre-Separation Date financial statements for the year including the Separation Date and cooperate fully to the extent requested by the other party in connection with the preparation of such financial statements.

(l) In the event either New Viacom or CBS is the subject of any SEC comment, review or investigation (formal or informal) relating to a period prior to the Separation Date and which in any way relates to the other party or the other party's Public Filings, such party shall provide the other party with a copy of any comment or notice of such review or investigation and shall give the other party a reasonable opportunity to be involved in responding to such comment, review or investigation, and such other party shall cooperate with such party in connection with responding to such comment, review or investigation.

(m) Within [20] days after the end of each quarter following the Separation Date in which CBS and New Viacom are Affiliates, each of CBS and New Viacom shall (i) provide the other party hereto with all material related party Information required to be disclosed under the Securities Act with

respect to such quarter, to the extent such Information is available, and (ii) cooperate to provide identical disclosure with regard to such Information in any Public Filings.

(n) Subject to Section 3.02(a), Information provided pursuant to this Section 4.01 shall be deemed Confidential Information for purposes of this Agreement. Nothing in this Section 4.01 shall require CBS or New Viacom to violate any agreement with any of its customers, suppliers or other third parties regarding the confidentiality of commercially sensitive information relating to such customer, supplier or other third party or its business; provided that in the event that CBS or New Viacom is required under this Section 4.01 to disclose any such Information, CBS or New Viacom shall use all commercially reasonable efforts to seek to obtain such customers', suppliers' or other third parties' consent to the disclosure of such Information.

Section 4.02 Sarbanes-Oxley Section 404 Compliance. Following the Separation, New Viacom shall continue to provide to CBS all Information reasonably required to meet the schedule set forth in Schedule 4.02 for management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K and its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder (such assessments and audit being referred to as the "2005 Internal Control Audit and Management Assessments"). Without limiting the generality of the foregoing, New Viacom will provide all required financial and other Information with respect to the members of the New Viacom Group to the New Viacom Auditors in a sufficient and reasonable time and in sufficient detail to permit the CBS Auditors and CBS's management to complete the 2005 Internal Control Audit and Management Assessments.

ARTICLE V

INSURANCE

Section 5.01 Insurance Matters.

(a) New Viacom agrees, for itself and each other member of the New Viacom Group, that no member of the CBS Group nor any of their directors, officers or employees shall have any Liability to any member of the New Viacom Group whatsoever as a result of the Policies and insurance practices of Viacom and its Subsidiaries as in effect at any time prior to the Separation Date, including, without limitation, as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any Policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

(b) CBS agrees, for itself and each other member of the CBS Group, that no member of the New Viacom Group nor any of their directors, officers or employees shall have any Liability to any member of the CBS Group whatsoever as a result of the Policies and insurance practices of Viacom and its Subsidiaries as in effect at any time prior to the Separation Date, including, without limitation, as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any Policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

(c) Except as otherwise provided in this Agreement or in any Ancillary Agreement, each of the parties intends by this Agreement, to the fullest extent permitted under the terms of the Policies in accordance with the applicable Law that, with respect to any New Viacom Liability or New Viacom Loss, each member of the New Viacom Group retain all of its Insurance Rights, receive the full benefit of any transfer or assignment of Insurance Rights pursuant to Article II permitted under the terms of the Policies in accordance with the applicable Law, and be a successor-in-interest to all rights that any member of the New Viacom Group may have as of the Separation Date, so as to avail itself of any

such Policy, to obtain the Insurance Proceeds and benefits thereof and to maximize the Insurance Proceeds and benefits recoverable under the Policies. At the written request of New Viacom, CBS shall take all reasonable steps, including, without limitation, the execution and delivery of any instruments, to effect the foregoing; provided, however, that CBS shall not be required to incur any out-of-pocket costs, waive any rights or incur any Liabilities in connection therewith, except to the extent that such costs are advanced or reimbursed, or such Liabilities are assumed, by New Viacom.

(d) Except as otherwise provided in this Agreement or in any Ancillary Agreement, each of the parties intends by this Agreement, to the fullest extent permitted under the terms of the Policies in accordance with the applicable Law that, with respect to any CBS Liability or CBS Loss, each member of the CBS Group retain all of its Insurance Rights, receive the full benefit of any transfer or assignment of any Insurance Rights pursuant to Article II permitted under the terms of the Policies in accordance with the applicable Law, and be a successor-in-interest to all rights that any member of the CBS Group may have as of the Separation Date, so as to avail itself of any such Policy, to obtain the Insurance Proceeds and benefits thereof and to maximize the Insurance Proceeds and benefits recoverable under the Policies. At the written request of CBS, New Viacom shall take all reasonable steps, including, without limitation, the execution and delivery of any instruments, to effect the foregoing; provided, however, that New Viacom shall not be required to incur any out-of-pocket costs, waive any rights or incur any Liabilities in connection therewith except to the extent that such costs are advanced or reimbursed, or such Liabilities are assumed, by CBS.

(e) Except as otherwise contemplated in this Agreement or in any Ancillary Agreement, after the Separation Date, each member of the CBS Group and New Viacom Group will share such Information as is reasonably necessary in order to permit the other to manage and conduct its insurance matters in an orderly fashion and pursue claims for insurance coverage under the Policies in accordance with the terms of this Agreement, including, without limitation, sharing Information relating to impairment, exhaustion, potential exhaustion, and potential impairment of limits of liability of the Policies and relating to maximums, caps, stop-loss or other limits applicable to Insurance Charges. Each member of the CBS Group and New Viacom Group, at the request of the other, shall cooperate with and make commercially reasonable efforts to assist the other in recoveries for claims under any Policy for the benefit of any insured party, including, without limitation, consulting and sharing Information with the other with respect to positions regarding insurance coverage, such as, by way of example, positions relating to the number of "occurrences" or "accidents" and the proper trigger of coverage, that may affect the other's insurance rights or recoveries under the Policies. No member of the CBS Group or the New Viacom Group shall take any action which would intentionally jeopardize or otherwise interfere with the other party's ability to collect any proceeds payable pursuant to any Policy, and no member of either the CBS Group or the New Viacom Group shall, without the consent of the other, which consent shall not be unreasonably withheld or delayed, provide any such insurance carrier with a release, or amend, modify or waive any rights under any Policy or agreement, if such release, amendment, modification or waiver would adversely affect any rights or potential rights of any member of the other Group thereunder; provided, however, that, except as otherwise provided by this Agreement, the foregoing shall not (i) preclude any member of either Group from presenting or pursuing any insurance coverage claim or from exhausting or impairing any policy limit in accordance with Section 5.01(m); (ii) require any member of either Group to pay any premium or other amount or to incur any Liability except to the extent that any such premium or other amount is advanced or reimbursed, or such Liability is assumed, by the other Group; (iii) require any member of either Group to renew, extend or continue any Policy in force or (iv) preclude in any manner any member of either Group from pursuing any litigation or Tax strategy or positioning.

(f) Subject to Sections 5.01(e), (h), (i) and (m), with respect to New Viacom Liabilities (exclusive of any Insured CBS Liabilities), New Viacom Losses (exclusive of any Insured CBS Losses), Insured New Viacom Liabilities, and Insured New Viacom Losses, New Viacom and the New Viacom Subsidiaries shall have the right, responsibility and authority for claims administration and financial

administration of claims that relate to or affect the Policies and for presentation and pursuit of claims for insurance coverage under the Policies; provided, however, that upon notification by a member of the New Viacom Group of a claim for coverage of any New Viacom Liability (exclusive of any Insured CBS Liability), any New Viacom Loss (exclusive of any Insured CBS Losses), Insured New Viacom Liability and Insured New Viacom Loss under one or more of the Policies, CBS and the CBS Subsidiaries shall cooperate with New Viacom and the New Viacom Subsidiaries in asserting and pursuing coverage and payment for such claims by the appropriate insurance carrier(s) or other obligor under the Policies, including, without limitation and to the extent reasonably necessary to ensure recoveries under or arising out of the Policies, consenting to sue in an Action based upon or arising out of the Policies, to be sued in an Action based upon or arising out of the Policies or to participate in alternative dispute resolution proceedings, such as arbitrations, based upon or arising out of the Policies (at the direction and sole expense of New Viacom, after consultation between the General Counsels of New Viacom and CBS, provided that (i) New Viacom shall take into account the legitimate business interests of the CBS Group in determining whether to seek such consent from CBS and (ii) New Viacom shall, upon CBS's request, provide CBS with a letter from New Viacom's outside counsel confirming that New Viacom has a good faith basis for pursuing a claim under or arising out of the Policies). In asserting and pursuing such coverage and payment, New Viacom and the New Viacom Subsidiaries shall have sole power and authority to make binding decisions, determinations, commitments and stipulations on their own behalf. Except as otherwise provided for in this Agreement or in any Ancillary Agreement, the members of the New Viacom Group shall assume responsibility for, and shall pay to the appropriate insurance carriers or otherwise, any premiums, retrospectively rated premiums, defense costs, indemnity payments, deductibles, retentions or other charges under the Policies (collectively, "Insurance Charges") whenever arising, that shall become due and payable under the terms and conditions of any applicable Policy in respect of any Liabilities, losses, claims, actions or occurrences, whenever arising or becoming known, to the extent such Insurance Charges involve or relate to any of the Assets, Businesses, operations or Liabilities of any member of the New Viacom Group, whether the same relate to the period prior to, on or after the Separation Date. To the extent that the terms of any applicable Policy provide that any member of the CBS Group shall have an obligation to pay or guarantee the payment of any Insurance Charges relating to any member of the New Viacom Group, CBS shall be entitled to demand that New Viacom make such payment directly to the Person or entity entitled thereto or shall, upon demand by New Viacom, make such payment with funds advanced to it by New Viacom. In connection with any such demand, CBS shall submit to New Viacom a copy of any invoice received by CBS pertaining to such Insurance Charges, together with appropriate supporting documentation, to the extent available. In the event that New Viacom fails to pay any such Insurance Charges when due and payable, whether at the request of the Person entitled to payment or upon demand by CBS, CBS may (but shall not be required to) pay such Insurance Charges for and on behalf of New Viacom and, thereafter, New Viacom shall forthwith reimburse CBS for such payment. Subject to the other provisions of this Article V, the responsibility for claims administration and financial administration of such Policies in this Section 5.01(f) is in no way intended to limit, inhibit or preclude any right of New Viacom, CBS or any other insured to insurance coverage for any insured claims under the Policies.

(g) Subject to Sections 5.01(e), (h), (j) and (m), with respect to CBS Liabilities (exclusive of any Insured New Viacom Liabilities) and CBS Losses (exclusive of any Insured New Viacom Losses), Insured CBS Liabilities and Insured CBS Losses, CBS and the CBS Subsidiaries shall have the right, responsibility and authority for claims administration and financial administration of claims that relate to or affect the Policies and for presentation and pursuit of claims for insurance coverage under the Policies; provided, however, that upon notification by a member of the CBS Group of a claim for coverage of any CBS Liability (exclusive of any Insured New Viacom Liability), CBS Loss (exclusive of any Insured New Viacom Losses), Insured CBS Liability and Insured CBS Loss under one or more of the Policies, New Viacom and the New Viacom Subsidiaries shall cooperate with CBS and the CBS

Subsidiaries in asserting and pursuing coverage and payment for such claims by the appropriate insurance carrier(s) or other obligor under the Policies, including, without limitation and to the extent reasonably necessary to ensure recoveries under or arising out of the Policies, consenting to sue in an Action based upon or arising out of the Policies, to be sued in an Action based upon or arising out of the Policies or to participate in alternative dispute resolution proceedings, such as arbitrations, based upon or arising out of the Policies (at the direction and sole expense of CBS, after consultation between the General Counsels of New Viacom and CBS, provided that (i) CBS shall take into account the legitimate business interests of the New Viacom Group in determining whether to seek such consent from New Viacom and (ii) CBS shall, upon New Viacom's request, provide New Viacom with a letter from CBS's outside counsel confirming that CBS has a good faith basis for pursuing a claim under or arising out of the Policies). In asserting and pursuing such coverage and payment, CBS and the CBS Subsidiaries shall have sole power and authority to make binding decisions, determinations, commitments and stipulations on their own behalf. Except as otherwise provided for in this Agreement or in any Ancillary Agreement, the members of the CBS Group shall assume responsibility for, and shall pay to the appropriate insurance carriers or otherwise, any Insurance Charges, whenever arising, that shall become due and payable under the terms and conditions of any applicable Policy in respect of any Liabilities, losses, claims, actions or occurrences, whenever arising or becoming known, to the extent such Insurance Charges involve or relate to any of the Assets, Businesses, operations or Liabilities of any member of the CBS Group, whether the same relate to the period prior to, on or after the Separation Date. To the extent that the terms of any applicable Policy provide that any member of the New Viacom Group shall have an obligation to pay or guarantee the payment of any Insurance Charges relating to any member of the CBS Group, New Viacom shall be entitled to demand that CBS make such payment directly to the Person entitled thereto or shall, upon demand by CBS, make such payment with funds advanced to it by CBS. In connection with any such demand, New Viacom shall submit to CBS a copy of any invoice received by New Viacom pertaining to such Insurance Charges together with appropriate supporting documentation, to the extent available. In the event that CBS fails to pay any such Insurance Charges when due and payable, whether at the request of the Person entitled to payment or upon demand by New Viacom, New Viacom may (but shall not be required to) pay such Insurance Charges for and on behalf of CBS and, thereafter, CBS shall forthwith reimburse New Viacom for such payment. Subject to the other provisions of this Article V, the responsibility for claims administration and financial administration of such Policies in this Section 5.01(g) is in no way intended to limit, inhibit or preclude any right of CBS, New Viacom or any other insured to insurance coverage for any insured claims under the Policies.

(h) With respect to any Joint Liability or any Joint Loss, the right, responsibility and authority for claims administration and financial administration of claims that relate to or affect the Policies and for the pursuit and prosecution of claims for insurance coverage under the Policies shall be held jointly between the members of the New Viacom Group and the members of the CBS Group. The members of the New Viacom Group and the members of the CBS Group shall consult, cooperate and coordinate with each other, including, without limitation, granting consents to the other, which consents shall not be unreasonably withheld or delayed, with respect to such joint claims administration, financial administration of claims, and pursuit and prosecution of claims for insurance coverage under the Policies. No member of the CBS Group shall commence any litigation, arbitration, mediation or similar proceeding concerning coverage under the Policies for such Joint Liabilities or Joint Losses without the consent of New Viacom, which consent shall not be unreasonably withheld. No member of the New Viacom Group shall commence any litigation, arbitration, mediation or similar proceeding concerning coverage under the Policies for such Joint Liabilities or Joint Losses without the consent of CBS, which consent shall not be unreasonably withheld. Any insurance recoveries for such Joint Liability or such Joint Loss shall be allocated between the members of the CBS Group and the New Viacom Group in accordance with the portion of insurance recoveries that is attributable to the portion of such Joint

Liability or such Joint Loss that is a CBS Liability or a CBS Loss and the portion of such Joint Liability or such Joint Loss that is a New Viacom Liability or New Viacom Loss, respectively.

(i) Claims for coverage of Insured New Viacom Liabilities or Insured New Viacom Losses shall be tendered by CBS as necessary to invoke the benefit of the Policies, at New Viacom's sole option, cost and expense. If such insurers do not promptly acknowledge insurance coverage in connection with the Insured New Viacom Liabilities or Insured New Viacom Losses, then, with respect to such Insured New Viacom Liabilities and Insured New Viacom Losses, New Viacom or one of the New Viacom Subsidiaries on an as-incurred basis (i) shall advance all amounts expended by the CBS Group for or with respect to such Insured New Viacom Liabilities or Insured New Viacom Losses, including, without limitation, all costs and expenses in connection with the defense and settlement and in satisfaction of any judgment incurred, and amounts sufficient to cover any Losses required to be paid by CBS or its Subsidiaries and (ii) shall pay all costs incurred in connection with pursuing and recovering Insurance Proceeds with respect to the Insured New Viacom Liabilities or Insured New Viacom Losses. Any payments made by New Viacom or the New Viacom Subsidiaries on account of such Insured New Viacom Liabilities or Insured New Viacom Losses shall be deemed to be advances pursuant to this Section 5.01(i). New Viacom and the New Viacom Subsidiaries shall have the right to recover any advances made pursuant to Section 5.01(i) from CBS and the CBS Subsidiaries, and CBS and the CBS Subsidiaries shall have the obligation promptly to reimburse New Viacom and the New Viacom Subsidiaries for such advances, solely from the Insurance Proceeds of the Policies that cover such Insured New Viacom Liabilities or Insured New Viacom Losses and that are received by CBS or the CBS Subsidiaries. CBS and the CBS Subsidiaries (i) shall, at all times until paid to a member of the New Viacom Group, hold Insurance Proceeds received for or with respect to Insured New Viacom Liabilities or Insured New Viacom Losses in trust for the benefit of New Viacom; and (ii) shall promptly remit such Insurance Proceeds to New Viacom.

(j) Claims for coverage of Insured CBS Liabilities or Insured CBS Losses shall be tendered by New Viacom as necessary to invoke the benefit of the Policies, at CBS's sole option, cost and expense. If such insurers do not promptly acknowledge insurance coverage in connection with the Insured CBS Liabilities or Insured CBS Losses, then, with respect to such Insured CBS Liabilities and Insured CBS Losses, CBS or one of the CBS Subsidiaries on an as-incurred basis (i) shall advance all amounts expended by the New Viacom Group for or with respect to such Insured CBS Liabilities or Insured CBS Losses, including, without limitation, all costs and expenses in connection with the defense and settlement and in satisfaction of any judgment incurred, and amounts sufficient to cover any Losses required to be paid by New Viacom or its Subsidiaries and (ii) shall pay all costs incurred in connection with pursuing and recovering Insurance Proceeds with respect to the Insured CBS Liabilities or Insured CBS Losses. Any payments made by CBS or the CBS Subsidiaries on account of such Insured CBS Liabilities or Insured CBS Losses shall be deemed to be advances pursuant to this Section 5.01(j). CBS and the CBS Subsidiaries shall have the right to recover any advances made pursuant to Section 5.01(j) from New Viacom and the New Viacom Subsidiaries, and New Viacom and the New Viacom Subsidiaries shall have the obligation promptly to reimburse CBS and the CBS Subsidiaries for such advances, solely from the Insurance Proceeds of the Policies that cover such Insured CBS Liabilities or Insured CBS Losses and that are received by New Viacom or the New Viacom Subsidiaries. New Viacom and the New Viacom Subsidiaries (i) shall, at all times until paid to a member of the CBS Group, hold Insurance Proceeds received for or with respect to Insured CBS Liabilities or Insured CBS Losses in trust for the benefit of CBS; and (ii) shall promptly remit such Insurance Proceeds to CBS.

(k) This Agreement is not intended as an assignment or attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the CBS Group or the New Viacom Group in respect of any insurance policy or any other contract or policy of insurance except to the extent such assignment is permitted by the terms of such policy in accordance with the applicable Law and New Viacom and CBS have agreed to such assignment. New Viacom and CBS have agreed to such assignment of the Policies listed on a schedule

mutually agreeable to New Viacom and CBS. Nothing in this Agreement shall be deemed to confer any insurance-related rights other than those provided under the terms of any applicable Policy on any party other than the members of the CBS Group and New Viacom Group, each of their insured persons and their respective successors-in-interest and respective permitted assignees in accordance with Sections 13.07 and 13.08, including, without limitation, any right to enforce for any other party's own benefit the arrangements made by CBS and New Viacom in subparagraph (m) hereof.

(l) Nothing in this Agreement shall be deemed to restrict any member of the New Viacom Group or the CBS Group from acquiring at its own expense any insurance policy in respect of any Liabilities or covering any period. Except as otherwise provided in this Agreement, from and after the Separation Date, New Viacom and CBS shall be responsible for obtaining and maintaining their respective insurance programs for their risk of loss and such insurance arrangements shall be separate programs apart from each other

(m) For purposes of the exhaustion of any limits that apply to coverage available under the Policies and for purposes of exhaustion of any caps, stop-losses, limits or maximums that apply to any Insurance Charges, amounts shall be allocated to the Policies on a first come/first served basis. That means that amounts covered by such Policies (including, without limitation, amounts paid as defense costs, settlements or judgments) shall be allocated to such Policies in the order in which valid claims for payment of such amounts were submitted under the Policies by any member of the CBS Group or New Viacom Group. With respect to the application of the first come/first served principles, the members of the CBS Group and New Viacom Group shall act in good faith and avoid taking any actions for the purpose or with the intention of accelerating or delaying their payment of such amounts or their submission of claims under the Policies in order to obtain some advantage with respect to the exhaustion of applicable limits or with respect to the application of the Insurance Charges under the Policies; provided, however, that in the event that both CBS and New Viacom or any of their respective Subsidiaries make claims under any Policy which may or do individually or together exceed the amount of any applicable Policy limit or sublimit, or any cap, stop-loss, limit or maximum that may apply to any Insurance Charges, under such Policies, a fair and reasonable allocation of such policy limit or sublimit, or any such cap, stop-loss, limit or maximum that may apply to any Insurance Charges, shall be made between New Viacom and CBS (the "Allocation"). CBS and New Viacom shall negotiate the Allocation in good faith for a period not to exceed 30 days. If CBS and New Viacom fail to agree upon the Allocation within such 30-day period, then each party shall be free to deliver an Escalation Notice pursuant to Section 10.02(a) and otherwise follow the dispute resolution provisions of Section 10.02. For purposes of such Allocation as it relates to Insurance Charges, the parties agree that such Allocation shall be governed by the principle that the portion of any cap, stop-loss, limit or maximum applicable to an Insurance Charge that is unexhausted as of the Separation Date ("Unexhausted Insurance Charges") is to be allocated on a ^{50/50}basis as between the members of the CBS Group, on the one hand, and the members of the New Viacom Group, on the other hand, to the extent, but only to the extent, that any member of one Group ultimately receives the benefit of Insurance Proceeds as a result of the exhaustion of the Unexhausted Insurance Charges by virtue of payments ultimately made by any member of the other Group in an amount greater than 50% of such Unexhausted Insurance Charges. By way of illustration of this principle, if (i) the unexhausted aggregate self-insured retention as of the Separation Date were \$1,000,000; (ii) a member of the CBS Group incurred a loss in the amount of \$1,000,000, which loss was properly credited to the aggregate self-insured retention; and (iii) subsequently a member of the New Group incurred a loss in the amount of \$200,000 and recovered Insurance Proceeds in the amount of \$200,000, which amount would have been subject to the aggregate self-insured retention but for the \$1,000,000 claim of such member of the CBS Group, such member of the CBS Group would have the right to recover from such member of the New Viacom Group the amount of \$200,000.

(n) Prior to the Separation Date, Viacom shall take all reasonable steps necessary to ensure that New Viacom and the New Viacom Subsidiaries are designated as named insureds, additional insureds or additional named insureds on each Policy in force as of the Separation Date with respect to insurable events occurring on or before the Separation Date.

Section 5.02 Captive Insurance and Reinsurance Companies.

The assets and liabilities of captive insurers Woburn Insurance Limited, Sammarnick Insurance Corporation, Central Fidelity Insurance Company, Blackrock Insurance Corporation and any other captive insurer of Viacom and its Subsidiaries and the rights of the members of the New Viacom Group and the members of the CBS Group with respect to Policies issued by such captives, shall be treated in Schedule 5.02. Such schedule shall reflect the principle that, except to the extent actually recoverable from third parties under reinsurance, retrocession or comparable arrangements or covered by existing funded reserves or other existing assets, no captive insurer that is a member of the New Viacom Group shall have any out-of-pocket Loss as a result of claims made directly or indirectly by any member of the CBS Group, and no captive insurer that is a member of the CBS Group shall have any out-of-pocket Loss as a result of claims made directly or indirectly by any member of the New Viacom Group. The parties agree this section is not intended to constitute an allocation of any assets or reserves of any such captive insurers unless or until agreed to by the parties as set forth in such schedule.

Section 5.03 Claims Made Policies.

(a) Viacom shall purchase Directors and Officers liability insurance Policies having total limits of \$250 million, consisting of \$100 million of Side A, Side B and Side C coverage and \$150 million of Excess Side A Difference in Conditions Coverage and having a policy period incepting on the Separation Date and ending on a date that is six years after the Separation ("D&O Tail Policies"). Such D&O Tail Policies shall cover the members of the CBS Group and New Viacom Group and the insured persons thereof and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Viacom Directors and Officers liability insurance program incepting on April 20, 2005, except for the policy period, premium and provisions excluding coverage for wrongful acts post-dating the Separation Date.

(b) Viacom shall purchase fiduciary liability policies having total limits of [] and having a policy period incepting on the Separation Date and ending on a date six years after the Separation Date ("Fiduciary Tail Policies"). Such Fiduciary Tail Policies shall cover the members of the CBS Group and New Viacom Group and the insured persons thereof and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Viacom fiduciary liability insurance program incepting on [], except for the policy period, premium and provisions excluding coverage for wrongful acts post-dating the Separation Date.

(c) Viacom shall ensure that employment practices liability insurance policies having total limits of \$[] are in force as of the Separation Date ("EPLI Policies"). Such EPLI Policies shall be in force through [], shall cover the members of the New Viacom Group and the insured persons thereof, shall contain no provision excluding coverage for wrongful acts predating the Separation Date, and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Viacom employment practices liability insurance program incepting on [] and ending on [], except for the policy period and premium.

(d) Viacom shall ensure that errors and omissions liability insurance having total limits of \$[] are in force as of the Separation Date ("E&O Policies"). Such E&O Policies shall be in force through [], shall cover the members of the New Viacom Group and the insured persons thereof, shall contain no provision excluding coverage for wrongful acts predating the Separation Date, and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Viacom errors and omissions liability insurance program incepting on [] and ending on [], except for the policy period and premium.

(e) To the extent that Viacom is unable prior to the Separation Date to obtain any of the policies as provided for in paragraphs (a) through (d) of this Section 5.03, then, with respect to claims based on

wrongful acts on or before the Separation Date, CBS shall use reasonable commercial efforts to secure appropriate alternative insurance coverage to provide benefits on terms and conditions (including policy limits) in favor of New Viacom and its Subsidiaries and the insured persons thereof no less favorable than the benefits (including policy limits) that were to be afforded by the policies described in paragraphs (a) through (d) of this Section 5.03 for the six-year period (with respect to the policies provided for in paragraphs (a) and (b)) and the [] period (with respect to the policies provided for in paragraphs (c) and (d)) following the Separation Date. With respect to such alternative insurance coverage, New Viacom and CBS shall share equally that portion of any premium that is separately ascertainable and directly attributable to the lack of a provision excluding coverage for claims based on wrongful acts up to and including the Separation Date. CBS shall not under any circumstances purchase any such alternative coverage containing an exclusion for claims based on wrongful acts up to and including the Separation Date to the extent such exclusion would preclude coverage for New Viacom, its Subsidiaries and/or the insured persons thereof, but would not preclude coverage for CBS, its Subsidiaries and/or the insured persons thereof.

Section 5.04 Miscellaneous.

(a) Each of the parties intends by this Agreement that a third-party Person, including a third-party insurer or reinsurer, or other third-party Person that, in the absence of the Agreement would otherwise be obligated to pay any claim or satisfy any indemnity or other obligation, shall not be relieved of the responsibility with respect thereto and shall not be entitled to a "windfall" (i.e., avoidance of the obligation that such Person would have in the absence of this Agreement). To the extent that any such Person would receive such a windfall, CBS and New Viacom shall negotiate in good faith concerning an amendment of this Agreement to avoid such a windfall.

(b) The parties agree that Insurance Proceeds and Insurance Charges with respect to certain specified known claims shall be allocated pursuant to a schedule to be mutually agreed upon.

(c) For a period of six years from the Separation Date, the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of CBS shall contain provisions no less favorable with respect to indemnification than are set forth in the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of CBS immediately after giving effect to the Merger, which provisions shall not be amended, repealed or otherwise modified for a period of six years from the Separation Date in any manner that would affect adversely the rights thereunder of individuals who, at or prior to the Separation Date, were directors, officers, employees, fiduciaries or agents of Viacom or any of its Subsidiaries, unless such modification shall be required by Law and then only to the minimum extent required by Law.

**ARTICLE VI
EMPLOYEE MATTERS**

Section 6.01 Defined Benefit Pension Plans.

(a) Viacom Defined Benefit Pension Plans. CBS shall retain, and remain the sponsor of, the Viacom Defined Benefit Pension Plans. Active participation of New Viacom Employees (except for any New Viacom Employees who are also CBS Employees) and Former New Viacom Employees in the Viacom Defined Benefit Pension Plans shall cease immediately as of the Separation Date. Except as otherwise provided herein with respect to the Viacom Pension Plan and the CCPP, all Assets and Liabilities of the Viacom Defined Benefit Pension Plans shall remain with CBS.

(b) New Viacom Defined Benefit Pension Plan. On or prior to and with effect as of the Separation Date, New Viacom shall establish and adopt a defined benefit pension plan and related trust (the "New Viacom Defined Benefit Pension Plan") to provide retirement benefits to New Viacom

Employees (whether or not vested) and Former New Viacom Employees who were participants in, or entitled to present or future benefits under, the Viacom Defined Benefit Pension Plans immediately prior to the Separation Date (the "New Viacom Transferred Pension Employees"). The New Viacom Defined Benefit Pension Plan will initially have terms and conditions that are substantially similar to the terms and conditions of the Viacom Pension Plan. New Viacom shall be responsible for taking all necessary, reasonable, and appropriate action to establish, maintain and administer the New Viacom Defined Benefit Pension Plan so that it is qualified under Section 401(a) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code. On one or more occasions following the establishment of the New Viacom Defined Benefit Pension Plan and before the Initial Transfer Date, CBS shall cause the Viacom Pension Plan to transfer to the New Viacom Defined Benefit Pension Plan an amount in cash at least sufficient to fund benefit payments reasonably projected to be required under the New Viacom Defined Benefit Pension Plan prior to the Initial Transfer Date (collectively, the "Transitional Cash Transfers"). To the extent that, prior to the Initial Transfer Date, such Transitional Cash Transfers are not sufficient to enable the New Viacom Defined Benefit Pension Plan to meet its obligations to pay benefits to the New Viacom Transferred Pension Employees (including, without limitation, benefits that have accrued under the New Viacom Defined Benefit Pension Plans following the Separation Date) as they come due for payment, such benefits shall be paid from the Viacom Pension Plan (the aggregate amount of any such payments by the Viacom Pension Plan being the "Interim Benefit Obligation Payment Amount"; and, collectively with the Transitional Cash Transfers, the "Transitional Asset Transfers"). New Viacom shall be solely responsible for any and all Liabilities (including, without limitation, Liability for funding) and other obligations with respect to the New Viacom Defined Benefit Pension Plan following the assumption of the Viacom Pension Plan Liabilities and the transfer of related Assets in accordance with Sections 6.01(c) and 6.01(d). New Viacom (x) shall, prior to the Initial Transfer Date (as defined in Section 6.01(d)(iii)), obtain an opinion from counsel that the New Viacom Defined Benefit Pension Plan is qualified in form under Section 401(a) of the Code and (y) shall, by the time required under the applicable Treasury regulations, submit an application for an IRS Determination Letter with respect to the New Viacom Defined Benefit Pension Plan.

(c) Assumption of Viacom Pension Plan Liabilities. Effective as of the Separation Date, New Viacom will cause the New Viacom Defined Benefit Pension Plan to assume, and to pay in full, all accrued benefits under the Viacom Pension Plan relating to all New Viacom Transferred Pension Employees as of the Separation Date (inclusive of benefits paid by the Viacom Pension Plan to New Viacom Transferred Pension Employees following the Separation Date in accordance with Section 6.01(b), and inclusive of benefits attributable to Lost Participants to the extent provided in Section 6.01(h)).

(d) Transfer of Viacom Pension Plan Assets.

(i) Viacom and New Viacom intend that the portion of the Assets of the Viacom Pension Plan corresponding to the accrued benefits of New Viacom Transferred Pension Employees and the Liability for such benefits shall be transferred to the New Viacom Defined Benefit Pension Plan in accordance with Section 414(l) of the Code, Treasury Regulation Section 1.414(l)-1 and Section 208 of ERISA. Prior to the date of the first Transitional Cash Transfer, Viacom and New Viacom shall, to the extent necessary, file an IRS Form 5310-A regarding the transfer of Assets and Liabilities from the Viacom Pension Plan to the New Viacom Defined Benefit Pension Plan.

(ii) As soon as reasonably practicable, CBS shall cause the CBS Actuary to determine the estimated value, as of the Separation Date, of the Assets to be transferred to the New Viacom Defined Benefit Pension Plan in accordance with the assumptions and valuation methodology set forth on Schedule 6.01(d)(ii) (the "Estimated Pension Plan Transfer Amount"). Promptly following the calculation of the Estimated Pension Plan Transfer Amount, CBS shall cause the CBS Actuary

to provide New Viacom and the New Viacom Actuary with such calculation and any supporting documentation reasonably requested by the New Viacom Actuary to enable it to review such calculation. The costs of such determination by the CBS Actuary and such review by the New Viacom Actuary shall be divided equally between CBS and New Viacom. CBS and New Viacom shall cause their respective actuaries to cooperate in good faith to resolve any disagreements or differences concerning the Estimated Pension Plan Transfer Amount.

(iii) Within thirty (30) days (or such later time as mutually agreed to by CBS and New Viacom) following the determination of the Estimated Pension Plan Transfer Amount, CBS and New Viacom shall cooperate in good faith to cause an initial transfer of Assets (the date of such transfer, the "Initial Transfer Date") from the Viacom Pension Plan to the New Viacom Defined Benefit Pension Plan in an amount equal to at least ninety percent (90%) of the Estimated Pension Plan Transfer Amount minus the aggregate amount of the Transitional Asset Transfers, adjusted to reflect earnings or losses during the period from the Separation Date to the Initial Transfer Date (such amount, the "Initial Transfer Amount"). Such earnings or losses shall be determined based on the actual rate of return of the Viacom Pension Plan for the period commencing on the Separation Date and ending on the last calendar day of the month ending immediately prior to the Initial Transfer Date. Earnings or losses for the period from such last day of the month to the Initial Transfer Date shall be based on a blended index as follows: (thirty-seven percent (37%) Russell 1000 Index; eight percent (8%) Russell 2000 Index; fifteen percent (15%) EAFE Index; thirty-seven percent (37%) Lehman Aggregate Index; and three percent (3%) 30-Day U.S. Treasury Bills) (the "Blended Index") determined as of the date that is as close as administratively practicable to the Initial Transfer Date, but in no event more than five (5) business days prior to the Initial Transfer Date. CBS shall satisfy its obligation pursuant to this Section 6.01(d)(iii) by transferring Assets, in cash or in kind, as mutually agreed to by CBS and New Viacom, equal to the Initial Transfer Amount consisting of a pro rata percentage (rounded up or down to the nearest whole lot or distributable unit) of substantially all investments under the Viacom Pension Plan or such other distribution of investments as may be mutually agreed to by CBS and New Viacom.

(iv) Within ninety (90) days following the Initial Transfer Date, CBS shall cause the CBS Actuary to provide New Viacom with a revised calculation of the value, as of the Separation Date, of the Assets to be transferred to the New Viacom Defined Benefit Pension Plan determined in accordance with the assumptions and valuation methodology set forth on Schedule 6.01(d)(ii) attached hereto (the "Revised Pension Plan Transfer Amount"). New Viacom may submit, at its sole cost and expense, the Revised Pension Plan Transfer Amount to the New Viacom Actuary for verification; provided that such verification process and any calculation performed by the New Viacom Actuary in connection therewith shall be performed solely on the basis of the assumptions and valuation methodology set forth on Schedule 6.01(d)(ii). Furthermore, the CBS Actuary and New Viacom Actuary shall cooperate in good faith to ensure that any such verification process is performed in a timely manner. In the event the New Viacom Actuary determines that the value, as of the Separation Date, of the Assets to be transferred to the New Viacom Defined Benefit Pension Plan differs from the Revised Pension Plan Transfer Amount, the New Viacom Actuary and CBS Actuary shall use good faith efforts to reconcile any such difference. If the New Viacom Actuary and the CBS Actuary fail to reconcile such difference and (A) the New Viacom Actuary's calculation is within two percent (2%) of the Revised Pension Plan Transfer Amount, the average of the Revised Pension Plan Transfer Amount and the New Viacom Actuary's calculation shall be used; or (B) the difference between the New Viacom Actuary's calculation and the Revised Pension Plan Transfer Amount exceeds two percent (2%), New Viacom and CBS shall jointly designate a third, independent actuary whose calculation of the value, as of the Separation Date, of the Assets to be transferred to the New Viacom Defined Benefit Pension Plan shall be final and binding; provided that such calculation must be performed

in accordance with the assumptions and valuation methodology set forth on Schedule 6.01(d)(ii); provided further that such value shall be between the value determined by the New Viacom Actuary and the Revised Pension Plan Transfer Amount or equal to either such value. CBS and New Viacom shall each pay one-half of the costs incurred in connection with the retention of such independent actuary. The final, verified value, as of the Separation Date, of the Assets to be transferred to the New Viacom Defined Benefit Pension Plan as determined in accordance with this Section 6.01(d)(iv) shall be referred to herein as the "Final Pension Plan Transfer Amount."

(v) Within forty-five (45) days of the determination of the Final Pension Plan Transfer Amount, CBS shall cause the Viacom Pension Plan to transfer to the New Viacom Defined Benefit Pension Plan (the date of such transfer, the "Final Transfer Date") an amount, in cash or kind, equal to:

(A) the Final Pension Plan Transfer Amount; minus

(B) the sum of:

- (1) the Initial Transfer Amount, excluding earnings or losses that were included therein pursuant to Section 6.1(d)(iii), plus
- (2) the Transitional Asset Transfers,

as adjusted to reflect earnings or losses, calculated as described below in this Section 6.01(d)(v), during the period from the Separation Date to the Final Transfer Date (such adjusted amount, the "True-Up Amount"); provided that in the event the sum of paragraphs (1) and (2) above is greater than the Final Pension Plan Transfer Amount, CBS shall not be required to cause any such additional transfer and instead New Viacom shall be required to cause a transfer of cash from the New Viacom Defined Benefit Pension Plan to the Viacom Pension Plan in an amount equal to the amount by which the sum of paragraphs (1) and (2) above exceeds the Final Pension Plan Transfer Amount (with such excess amount adjusted to reflect earnings and losses during the period from the Separation Date to the Final Transfer Date). The parties hereto acknowledge that the Viacom Pension Plan's transfer of the True-Up Amount to the New Viacom Defined Benefit Pension Plan shall be in full settlement and satisfaction of the obligations of CBS and the Viacom Pension Plan to transfer Assets to the New Viacom Defined Benefit Pension Plan pursuant to this Section 6.01(d). The True-Up Amount shall be paid from the Viacom Pension Plan to the New Viacom Defined Benefit Pension Plan, in cash or in kind. Earnings or losses included in the True-Up Amount shall be determined based on the actual rate of return of the Viacom Pension Plan without regard to the Excluded Investments for the period commencing on the Separation Date and ending on the last calendar day of the month ending immediately prior to the Final Transfer Date. Earnings or losses for the period from such last day of the month to the Final Transfer Date shall be based on the Blended Index determined as of the date that is as close as administratively practicable to the Final Transfer Date, but in no event more than five (5) business days prior to the Final Transfer Date. In the event that New Viacom is obligated to cause the New Viacom Defined Benefit Pension Plan to reimburse the Viacom Pension Plan pursuant to this Section 6.01(d)(v), such reimbursement shall be performed in accordance with the same principles set forth herein with respect to the payment of the True-Up Amount. Any expenses paid or accrued from the trust of the Viacom Pension Plan during the period from the Separation Date to the Final Transfer Date shall be allocated between the parties as mutually agreed to by the parties.

(e) Continuation of Elections. As of the Separation Date, New Viacom shall cause the New Viacom Defined Benefit Pension Plan to recognize and maintain all existing elections, including, without limitation, beneficiary designations, payment form elections and rights of alternate payees under qualified domestic relations orders with respect to New Viacom Transferred Pension Employees under the Viacom Pension Plans.

(f) Certain Former Viacom Employees. New Viacom shall reimburse CBS for 50% of all liabilities under the Viacom Defined Benefit Pension Plans incurred in respect of all individuals described in clause (iii) of the definition of "Former CBS Employee." CBS shall reimburse New Viacom for 50% of all liabilities under the New Viacom Defined Benefit Pension Plan incurred in respect of all individuals described in clause (iii) of the definition of "Former New Viacom Employee." Such reimbursement amounts shall be determined and made pursuant to documented procedures mutually agreed to by CBS and New Viacom and shall not affect the calculations and asset transfers provided for in Section 6.01(d).

(g) Terminated Non-Vested Employees. Notwithstanding anything herein to the contrary, the New Viacom Defined Benefit Pension Plan shall fully restore the accrued benefit of any individual who becomes employed by any member of the New Viacom Group following the Separation Date and whose employment with Viacom and its Subsidiaries terminated on or before the Separation Date with no vested benefit under the Viacom Defined Benefit Pension Plans; provided that, pursuant to Viacom's existing practices and policies, such individual would have been entitled to restoration of such individual's accrued benefit under the applicable Viacom Defined Benefit Pension Plan had such individual been re-employed by a member of the CBS Group rather than by a member of the New Viacom Group.

(h) Lost Participants. Viacom and New Viacom acknowledge that there may be participants in the Viacom Defined Benefit Pension Plans whose accrued benefit Liability is not recognized by the actuary for the Viacom Defined Benefit Pension Plans as of the Separation Date ("Lost Participants"). To the extent that any Lost Participants become known following the Separation Date: (i) the Viacom Defined Benefit Pension Plans will be responsible for and will fully perform, pay and discharge all obligations, when such obligations become due, relating to benefits attributable to Lost Participants who are Former CBS Employees or Current CBS Employees; and (ii) the New Viacom Defined Benefit Pension Plan will be responsible for and will fully perform, pay and discharge all obligations, when such obligations become due, relating to benefits attributable to Lost Participants who are Former New Viacom Employees or Current New Viacom Employees; provided, however, that CBS and New Viacom will share responsibility for all such obligations relating to benefits attributable to Lost Participants who are Unallocated Employees, and each of CBS and New Viacom will reimburse the other for 50% of all such obligations paid or discharged by (in the case of CBS's reimbursement obligation) the New Viacom Defined Benefit Pension Plan or (in the case of New Viacom's reimbursement obligation) the Viacom Defined Benefit Pension Plans, as the case may be, according to procedures mutually agreed to by CBS and New Viacom. CBS and New Viacom will cooperate in determining the application of this Section 6.01(h) so that any obligations owed to a Lost Participant who becomes known following the Separation Date are appropriately allocated in accordance herewith.

(i) Action in the Event of PBGC Intervention. Notwithstanding any provision of this Agreement to the contrary, in the event that at any time the Pension Benefit Guaranty Corporation (the "PBGC") asserts that the Separation may provide justification for the PBGC to seek termination of any Viacom Defined Benefit Pension Plan pursuant to ERISA Sec. 4042 or otherwise asserts that the transaction may increase unreasonably the long-run loss to the PBGC (within the meaning of Section 4042(a)(4) of ERISA) with respect to any Viacom Defined Benefit Pension Plan, Viacom may, in its sole discretion (i) retain all Assets and Liabilities with respect to New Viacom Employees and Former New Viacom Employees under the Viacom Defined Benefit Pension Plans and require New Viacom to provide equivalent benefits under the New Viacom Defined Benefit Pension Plans with an offset for any benefits continued to be provided under the Viacom Defined Benefit Pension Plans, (ii) enter into negotiations with the PBGC to resolve these issues and, upon satisfactorily resolving such issues, New Viacom shall fully comply with the terms of this Section 6.01, or (iii) reach such other agreement as may be satisfactory to Viacom and New Viacom.

(j) Transfers from the CCPP. In the event that any active participants in the CCPP transfer employment to the New Viacom Group in connection with the Separation, CBS and New Viacom shall cooperate to effect a transfer from the CCPP to the New Viacom Defined Benefit Pension Plan of the Assets and Liabilities corresponding to the accrued benefits of such participants in accordance with the principles and procedures set forth in Section 6.01(c) and Section 6.01(d), with such modifications as they shall consider appropriate to reflect the number of such participants and the magnitude of such transferred Assets and Liabilities. CBS and New Viacom shall cooperate in good faith to cause such transfer to occur as soon as practicable after the Separation Date.

Section 6.02 401(k) Plans.

(a) Viacom 401(k) Plan. CBS shall retain, and remain the sponsor of, the Viacom 401(k) Plan. Active participation of New Viacom Employees (except for any New Viacom Employees who are also CBS Employees) and Former New Viacom Employees in the Viacom 401(k) Plan shall cease immediately as of the Separation Date.

(b) New Viacom 401(k) Plan.

(i) On or prior to and with effect as of the Separation Date, New Viacom shall establish and adopt a defined contribution plan and trust (the "New Viacom 401(k) Plan") for the benefit of New Viacom Employees and Former New Viacom Employees who were participants in the Viacom 401(k) Plan immediately prior to the Separation Date (the "New Viacom Transferred 401(k) Plan Employees"). The New Viacom 401(k) Plan will initially have terms and conditions that are substantially similar to the terms and conditions of the Viacom 401(k) Plan. New Viacom shall be responsible for taking all necessary, reasonable and appropriate action to establish, maintain and administer the New Viacom 401(k) Plan so that it is qualified under Section 401(a) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code. New Viacom shall be responsible for any and all Liabilities (including, without limitation, Liability for funding) and other obligations with respect to the New Viacom 401(k) Plan. The account balance of each New Viacom Transferred 401(k) Plan Employee, whether or not vested, shall be transferred from the Viacom 401(k) Plan to the New Viacom 401(k) Plan in accordance with this Section 6.02.

(ii) Prior to the date on which the transfer of assets and liabilities to the New Viacom 401(k) Plan shall occur (the "New Viacom 401(k) Plan Transfer Date"), which date shall occur as promptly as practicable (but not later than thirty (30) days or such later time as required to make all required filings and submissions to the appropriate Governmental Authorities as set forth in (B) below)) following the Separation Date, CBS shall (A) cause the trustee of the Viacom 401(k) Plan to segregate, in accordance with the spinoff provisions set forth under Section 414(l) of the Code, the Assets of the Viacom 401(k) Plan representing the full account balances of the New Viacom Transferred 401(k) Plan Employees for all periods of participation through the New Viacom 401(k) Plan Transfer Date (including, as applicable, all contributions and all earnings attributable thereto); (B) make all required filings and submissions to the appropriate Governmental Authorities (if any); and (C) make all required amendments to the Viacom 401(k) Plan and related trust agreement necessary to provide for the segregation and transfer of Assets described in this Section 6.02. New Viacom (x) shall, prior to the New Viacom 401(k) Plan Transfer Date, obtain an opinion from counsel that the New Viacom 401(k) Plan is qualified in form under Section 401(a) of the Code and (y) shall, by the time required under the applicable Treasury regulations, submit an application for an IRS Determination Letter with respect to the New Viacom 401(k) Plan.

(iii) On the New Viacom 401(k) Plan Transfer Date, CBS shall cause the trustee of the Viacom 401(k) Plan to transfer to the trustee of the New Viacom 401(k) Plan (A) the full account balances (inclusive of loans) of the New Viacom Transferred 401(k) Plan Employees in kind from

those investment funds in which such account balances are then invested, plus (B) an amount in cash equal to a portion of the forfeiture account of the Viacom 401(k) Plan determined by multiplying the balance of such account immediately before such transfer by a fraction the numerator of which is the amount determined in accordance with the preceding paragraph (A) of this sentence and the denominator of which is the aggregate of all participant account balances in the Viacom 401(k) Plan immediately before such transfer. In consideration of the transfer of Assets described herein, the New Viacom 401(k) Plan shall, as of the New Viacom 401(k) Plan Transfer Date, assume and be solely responsible for all Liabilities attributable to such Assets.

(c) Outstanding Loans. During their employment with New Viacom or any New Viacom Subsidiary, the New Viacom Transferred 401(k) Plan Employees who have outstanding loans originally made from the Viacom 401(k) Plan shall be permitted to repay such loans by way of regular deductions from their paychecks. In the event that any such repayments are made before the New Viacom 401(k) Plan Transfer Date, New Viacom shall cause all such deductions to be forwarded to the Viacom 401(k) Plan as promptly as practicable.

(d) Continuation of Elections. As of the Separation Date, New Viacom shall cause the New Viacom 401(k) Plan to recognize and maintain all elections, including, without limitation, deferral, investment and payment form elections, beneficiary designations, and the rights of alternate payees under qualified domestic relations orders with respect to New Viacom Transferred 401(k) Employees under the Viacom 401(k) Plan; provided that investment elections relating to the Viacom Common Stock fund under the Viacom 401(k) Plan shall be deemed to apply to the New Viacom Common Stock fund under the New Viacom 401(k) Plan.

(e) Terminated Non-Vested Employees. Notwithstanding anything herein to the contrary, the New Viacom 401(k) Plan shall fully restore the unvested portion of the account of any individual who becomes employed by any member of the New Viacom Group following the Separation Date and whose employment with Viacom and its Subsidiaries (inclusive of New Viacom) terminated on or before the Separation Date with a portion of such individual's benefits under the Viacom 401(k) Plan not being vested; provided that, pursuant to Viacom's existing practices and policies, such individual would have been entitled to the restoration of the unvested portion of such individual's Viacom 401(k) Plan account had such individual been rehired by a member of the CBS Group rather than a member of the New Viacom Group.

(f) Stock Considerations. To the extent that CBS Employees and Former CBS Employees receive shares of New Viacom Common Stock in connection with the Separation with respect to Viacom Common Stock held under the Viacom 401(k) Plan, such shares will be deposited in a New Viacom Common Stock fund under the Viacom 401(k) Plan, and will be held in such plan subject to the discretion of the Viacom 401(k) Plan fiduciary. To the extent that New Viacom Employees or Former New Viacom Employees hold shares of CBS Common Stock in their CBS Common Stock fund under the New Viacom 401(k) Plan following the transfer from the Viacom 401(k) Plan to the New Viacom 401(k) Plan set forth in Section 6.02(b), the New Viacom 401(k) Plan shall permit such employees to continue to hold such shares in a CBS Common Stock fund under the New Viacom 401(k) Plan following such transfer, subject to the discretion of the New Viacom 401(k) Plan fiduciary. CBS and New Viacom shall assume sole responsibility for ensuring that their respective 401(k) Plans are maintained in compliance with applicable laws with respect to holding shares of common stock of the other entity.

Section 6.03 Executive Benefit Plans.

(a) Executive Benefit Plans. Effective as of the Separation Date, New Viacom shall retain and be solely responsible for (and, to the extent that it was not responsible prior to the Separation Date, shall assume) all Liabilities to or relating to the New Viacom Employees and the Former New Viacom

Employees under all Viacom Executive Benefit Plans, and New Viacom specifically acknowledges that all such Liabilities are New Viacom Liabilities (and are not CBS Liabilities). Active participation of New Viacom Employees (except for any New Viacom Employees who are also CBS Employees) and Former New Viacom Employees in the Viacom Executive Benefit Plans shall cease immediately as of the Separation Date. Effective as of the Separation Date, CBS shall retain and be solely responsible for all Liabilities to or relating to the CBS Employees and the Former CBS Employees under all Viacom Executive Benefit Plans, and CBS specifically acknowledges that all such Liabilities are CBS Liabilities (and are not New Viacom Liabilities). Notwithstanding the three preceding sentences, (i) New Viacom shall reimburse CBS for 50% of all liabilities to or relating to individuals described in clause (iii) of the definition of "Former CBS Employee" under all Viacom Executive Benefit Plans and (ii) CBS shall reimburse New Viacom for 50% of all liabilities to or relating to individuals described in clause (iii) of the definition of "Former New Viacom Employee" under all New Viacom Executive Benefit Plans; such reimbursement amounts shall be determined and made pursuant to documented procedures mutually agreed to by CBS and New Viacom. Effective as of the Separation Date, New Viacom shall establish and adopt executive benefit plans that are substantially comparable, in the aggregate, to the Viacom Executive Benefit Plans (such plans, the "New Viacom Executive Benefit Plans") to provide benefits to New Viacom Employees and Former New Viacom Employees from and after the Separation Date who were participants in the Viacom Executive Benefit Plans as of the date immediately prior to the Separation Date. As of the Separation Date, New Viacom shall cause the New Viacom Executive Benefit Plans to recognize and maintain all elections (including, without limitation, deferral, distribution and investment elections) and beneficiary designations with respect to New Viacom Employees and Former New Viacom Employees under the Viacom Executive Benefit Plans, to the extent permitted by the Code (including, without limitation, Section 409A thereof) and other applicable Laws.

(b) Bonus Plans. With respect to the year in which the Separation Date occurs (and, if applicable, the preceding year), CBS shall have exclusive responsibility for annual bonuses (and any transaction bonuses related to the Separation) payable to CBS Employees, and New Viacom shall have exclusive responsibility for annual bonuses (and any transaction bonuses related to the Separation) payable to New Viacom Employees. New Viacom shall be responsible for determining all bonus awards that would otherwise be payable under the Viacom Senior Executive Short-Term Incentive Plan to New Viacom Employees for the year in which the Separation Date occurs (and, if applicable, the preceding year). New Viacom shall also determine for New Viacom Employees (i) the extent to which established performance criteria (as interpreted by New Viacom, in its sole discretion) have been met and (ii) the payment level for each New Viacom Employee. Responsibility for annual bonuses and any transaction bonuses related to the Separation payable to Unallocated Employees will be shared equally by CBS and New Viacom. CBS and New Viacom shall cooperate with each other to ensure that the other party has reasonable access to the information relevant to annual bonus determinations by the other party. CBS and New Viacom shall also cooperate with a view to achieving parity in bonus awards among employees who, before the Separation, were Viacom corporate office employees or Paramount corporate office employees and shall consult with each other in determining the amount of such awards.

Section 6.04 Welfare Plans.

(a) Viacom Welfare Plans. Following the Separation Date, CBS shall continue to sponsor the Viacom Welfare Plans for the benefit of the CBS Employees and the Former CBS Employees. CBS shall also retain the CBS Voluntary Employee Benefits Trust. Except as provided in Section 6.04(g), active participation of New Viacom Employees (except for any New Viacom Employees who are also CBS Employees) and Former New Viacom Employees in the Viacom Welfare Plans shall cease immediately as of the Separation Date.

(i) Except as set forth in Section 6.04(f), the CBS Group shall retain responsibility for and continue to pay all expenses and benefits relating to the Viacom Welfare Plans with respect to claims incurred before, from and after the Separation Date by the CBS Employees and the Former CBS Employees, as well as their respective covered dependents. Notwithstanding the preceding sentence, New Viacom shall reimburse CBS for 50% of the employer portion of the cost of providing benefits under the Viacom Welfare Plans to individuals described in clause (iii) of the definition of "Former CBS Employee", as well as their respective covered dependents, according to procedures mutually agreed to by CBS and New Viacom.

(ii) Prior to the Separation Date, CBS will notify New Viacom of the amount that it shall have determined, based on historical experience, to be sufficient to fund anticipated benefit payments under the Viacom Welfare Plans to New Viacom Employees and the Former New Viacom Employees and their covered dependents with respect to claims incurred by them before the Separation Date (the "Pre-Separation Claims Expenses"). New Viacom shall transfer to CBS, in cash, the amount determined in accordance with the preceding sentence in six equal installments (the "Prefunding Payments"), to be paid on the first and fifteenth of each of the first three months following the Separation Date. On or about the 20th day of each month beginning with the second month following the Separation Date and ending with the fourth month following the Separation Date, CBS shall provide New Viacom with a "true-up" calculation based on the actual claims experience through the end of the prior month and a copy of any invoice or report received by CBS pertaining to such claims. To the extent that such calculation shows that claims actually paid exceeded the Prefunding Payments for the prior month, New Viacom shall promptly transfer to CBS an amount in cash by which such claims payments exceed the Prefunding Payments; to the extent that such calculation shows that claims actually paid were less than the Prefunding Payments for the prior month, CBS shall promptly transfer to New Viacom an amount in cash by which the Prefunding Payments for the prior month exceeded the amount of such claims payments. Thereafter, on or about the 20th day of each month beginning with the fifth month following the Separation Date and ending at such time as defined by the claim filing deadlines of the Viacom Welfare Plans and other applicable welfare plan payment regulations, CBS shall invoice New Viacom for the amount of additional Pre-Separation Claims Expenses it has paid during the preceding month, and New Viacom shall promptly pay such invoice.

(b) New Viacom Welfare Plans. On or prior to and with effect as of the Separation Date, New Viacom shall establish and adopt health and welfare plans, the terms of which are substantially comparable, in the aggregate, to the terms of the Viacom Welfare Plans as in effect immediately prior to the Separation Date (collectively, the "New Viacom Welfare Plans"), for the benefit of the New Viacom Employees and the Former New Viacom Employees. New Viacom shall be responsible for and pay expenses and benefits relating to all New Viacom Welfare Plan claims incurred on and after the Separation Date by the New Viacom Employees and the Former New Viacom Employees and their covered dependents. Notwithstanding the preceding sentence, CBS shall reimburse New Viacom for 50% of the employer portion of the cost of providing benefits under the New Viacom Welfare Plans to individuals described in clause (iii) of the definition of "Former New Viacom Employee", as well as their respective covered dependents, according to procedures mutually agreed to by CBS and New Viacom. Without limiting the generality of the preceding provisions of this Section 6.04(b), with respect to any New Viacom Employee or Former New Viacom Employee who is entitled to receive post-retirement health benefits or post-retirement life insurance benefits under the Viacom Welfare Plans as of the Separation Date, New Viacom agrees to establish effective as of the Separation Date plans that provide substantially the same post-retirement health and post-retirement life insurance benefits immediately after the Separation Date as provided under the Viacom Welfare Plans immediately prior to the Separation Date.

Edgar Filing: VIACOM INC - Form S-4/A

(c) Date Claims Are Incurred. For purposes of this Section 6.04, a claim or Liability (i) for medical, dental, vision and/or prescription drug benefits shall be deemed to be incurred upon the rendering of health services giving rise to the obligation to pay such benefits; (ii) for life insurance and accidental death and dismemberment and business travel accident insurance benefits and workers' compensation benefits shall be deemed to be incurred upon the occurrence of the event giving rise to the entitlement to such benefits; (iii) for salary continuation or other disability benefits shall be deemed to be incurred upon the date on which the individual is declared disabled under the terms of the applicable disability plan; and (iv) for a period of continuous hospitalization shall be deemed to be incurred on the date of admission to the hospital.

(d) Pre-Existing Conditions; Dollar Limits. With respect to any New Viacom Welfare Plan, New Viacom (i) shall cause there to be waived any pre-existing condition limitations and (ii) shall give effect, in determining any deductible and maximum out-of-pocket limitations, to claims incurred by, and amounts paid by, and amounts reimbursed to (in each case during the calendar year in which the Separation Date occurs), New Viacom Employees and Former New Viacom Employees under similar Viacom Welfare Plans for the benefit of such employees immediately prior to the Separation Date.

(e) Disability. Any final determination made or settlements entered into by Viacom with respect to claims incurred under the Viacom Short-Term Disability Plan or the Viacom Long-Term Disability Plan by New Viacom Employees or Former New Viacom Employees prior to the Separation Date shall be final and binding. CBS shall transfer to New Viacom, effective immediately after the Separation Date, and New Viacom shall assume responsibility for (i) administering all claims incurred under the Viacom Short-Term Disability Plan or the Viacom Long-Term Disability Plan by New Viacom Employees and Former New Viacom Employees on or prior to the Separation Date that are administered by Viacom as of the Separation Date and (ii) all Liabilities under the Viacom Short-Term Disability Plan and the Viacom Long-Term Disability Plan to New Viacom Employees and Former New Viacom Employees as of the Separation Date, in the same manner, and using the same methods and procedures, as Viacom used in determining and paying such claims. Effective immediately after the Separation Date, New Viacom shall have sole discretionary authority to make any necessary determinations with respect to such claims, including, without limitation, entering into settlements with respect to such claims, and shall be solely responsible for any costs, Liabilities or related expenses of any nature whatsoever related to such claims, payments or obligations.

(f) COBRA and HIPAA Compliance. CBS shall be responsible for administering compliance with the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the Viacom Welfare Plans with respect to CBS Employees and Former CBS Employees and their covered dependents who incur a COBRA qualifying event or loss of coverage under the Viacom Welfare Plans at any time before, on or after the Separation Date. New Viacom shall be responsible for administering compliance with the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the New Viacom Welfare Plans and/or the Viacom Welfare Plans with respect to New Viacom Employees and Former New Viacom Employees and their covered dependents who incur a COBRA qualifying event or loss of coverage under the New Viacom Welfare Plans and/or the Viacom Welfare Plans at any time before, on or after the Separation Date. Viacom and New Viacom agree that the consummation of the transactions contemplated by the Merger Agreement and the Separation Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

(g) Severance Plans.

(i) A New Viacom Employee shall not be deemed to have terminated employment for purposes of determining eligibility for severance benefits in connection with or in anticipation of the consummation of the transactions contemplated by the Merger Agreement. Except for any New Viacom Employees who are also CBS Employees and any Unallocated Employees, active participation of New Viacom Employees and Former New Viacom Employees in the severance plans maintained by Viacom shall cease immediately as of the Separation Date.

(ii) The CBS Group shall retain all Liabilities with respect to severance payments made or to be made to CBS Employees and Former CBS Employees other than Unallocated Employees. The New Viacom Group shall assume all Liabilities with respect to severance payments made or to be made to all New Viacom Employees and Former New Viacom Employees other than Unallocated Employees. Liability for severance payments made or to be made to any Unallocated Employees will be shared equally by CBS and New Viacom. CBS shall make all severance payments to the Unallocated Employees who are Former CBS Employees and shall invoice New Viacom for 50% of all such payments. New Viacom shall reimburse CBS for the amount reflected on each such invoice as soon as reasonably practicable after the receipt thereof. New Viacom shall make all severance payments to the Unallocated Employees who are Former New Viacom Employees and shall invoice CBS for 50% of all such payments. CBS shall reimburse New Viacom for the amount reflected on each such invoice as soon as reasonably practicable after the receipt thereof. Such invoices and reimbursements shall be made pursuant to procedures mutually agreed to by CBS and New Viacom. For purposes of this Section 6.04(g), the term "severance payments" shall include any welfare benefit coverage and all other severance-related benefits provided under severance plans and agreements.

(h) Flexible Spending Plans.

(i) On or prior to and with effect as of the Separation Date, New Viacom shall establish and adopt health care reimbursement and dependent care reimbursement programs (collectively, the "New Viacom Flexible Benefit Plan") for all New Viacom Employees. Prior to the Separation Date, Viacom and New Viacom shall take all actions necessary or appropriate so that, effective as of the Separation Date, (A) the flexible spending account balances of the New Viacom Employees (whether positive or negative) for the year in which the Separation Date occurs and, if applicable, the preceding year (the "Transferred Account Balances") under the Viacom Flexible Benefit Plan shall be transferred to the New Viacom Flexible Benefit Plan; (B) the election levels and coverage levels of the New Viacom Employees shall apply under the New Viacom Flexible Benefit Plan in the same manner as under the Viacom Flexible Benefit Plan; and (C) the New Viacom Employees shall be reimbursed from the New Viacom Flexible Benefit Plan for eligible healthcare and dependent care claims incurred at any time which are submitted to the New Viacom Flexible Benefit Plan from and after the Separation Date on the same basis and the same terms and conditions as under the Viacom Flexible Benefit Plan. As soon as practicable after the Separation Date, CBS shall pay New Viacom in cash the net aggregate amount of the Transferred Account Balances under the Viacom Flexible Benefit Plan, if such amount is positive, and New Viacom shall pay CBS in cash the net aggregate amount of such Transferred Account Balances, if such amount is negative.

(ii) On or prior to and with effect as of the Separation Date, New Viacom shall establish and adopt a transit and parking reimbursement program (the "New Viacom Commuter Reimbursement Plan") for all New Viacom Employees. The account balance of New Viacom Employees for 2005 shall remain with the existing transit and parking reimbursement program of Viacom (the "Viacom Commuter Reimbursement Plan"), and New Viacom Employees shall be reimbursed from the Viacom Commuter Reimbursement Plan for eligible claims for 2005 submitted on or before

March 31, 2006. As soon as practicable after April 1, 2006, CBS will arrange for the third-party administrator of the Viacom Commuter Reimbursement Plan to perform a "true up" calculation to identify any remaining positive account balances of New Viacom Employees and shall take all actions necessary or appropriate so that such positive account balances will be transferred to the New Viacom Commuter Reimbursement Plan and will pay New Viacom in cash the aggregate amount of such transferred account balances. The contribution elections made by New Viacom Employees prior to the Separation Date with respect to 2006 under the Viacom Commuter Reimbursement Plan shall carry over and apply under the New Viacom Commuter Reimbursement Plan.

(i) Vendor Contracts.

(i) Third-Party ASO Contracts, Group Insurance Policies and HMOs. Viacom and New Viacom shall use commercially reasonable efforts to obligate the third party administrator of each administrative-services-only contract with a third-party administrator that relates to any of the Viacom Employee Benefit Plans (an "ASO Contract"), each group insurance policy that relates to any of the Viacom Employee Benefit Plans ("Group Insurance Policies") and each agreement with a Health Maintenance Organization that provides medical services under the Viacom Employee Benefit Plans ("HMO Agreements"), in each case, in existence as of the date of this Agreement that is applicable to the New Viacom Employees and the Former New Viacom Employees, to enter into a separate ASO Contract, Group Insurance Policy and HMO Agreement, as applicable, with New Viacom providing for substantially similar terms and conditions as are contained in the ASO Contracts, Group Insurance Policies and HMO Agreements, as applicable, to which Viacom is a party. Such terms and conditions shall include the financial and termination provisions, performance standards, methodology, auditing policies, quality measures and reporting requirements.

(ii) Effect of Change in Rates. Viacom and New Viacom shall use commercially reasonable efforts to cause each of the insurance companies and third-party administrators providing services and benefits under the Viacom Employee Benefit Plans and the New Viacom Employee Benefit Plans to maintain the premium and/or administrative rates based on the aggregate number of participants in both the Viacom Employee Benefit Plans and the New Viacom Employee Benefit Plans as of the date immediately prior to the Separation Date through December 31, 2006. To the extent they are not successful in such efforts, Viacom and New Viacom shall each bear the revised premium or administrative rates attributable to the individuals covered by their respective Welfare Plans.

(j) Workers' Compensation Liabilities.

(i) Except with regard to Unallocated Employees, the CBS Group shall be responsible for all workers' compensation Liabilities relating to, arising out of or resulting from any claim by a CBS Employee or a Former CBS Employee resulting from an accident or occupational disease, whether such accident occurs, or such disease becomes manifest, prior to, on or following the Separation Date. Except with regard to Unallocated Employees, the New Viacom Group shall be responsible for all workers' compensation Liabilities relating to, arising out of or resulting from any claim by a New Viacom Employee or a Former New Viacom Employee resulting from an accident or occupational disease, whether such accident occurs or such disease becomes manifest, prior to, on or following the Separation Date.

(ii) All workers' compensation Liabilities relating to, arising out of, or resulting from any claims by Unallocated Employees will be shared equally by CBS and New Viacom. CBS shall make all required payments in respect of such claims by Unallocated Employees who are Former CBS Employees and shall invoice New Viacom on a monthly basis for 50% of all such payments made during the preceding month. New Viacom shall reimburse CBS for the amount reflected on each

such invoice as soon as reasonably practicable after the receipt thereof. New Viacom shall make all required payments in respect of such claims by Unallocated Employees who are Former New Viacom Employees and shall invoice CBS on a monthly basis for 50% of all such payments made during the preceding month. CBS shall reimburse New Viacom for the amount reflected on each such invoice as soon as reasonably practicable after the receipt thereof. The CBS Group and the New Viacom Group shall cooperate with respect to any notification to appropriate governmental agencies of the Separation Date and the issuance of new, or the transfer of existing, workers' compensation insurance policies and claims handling contracts.

(k) Payroll Taxes and Reporting of Compensation. CBS and New Viacom shall, and shall cause the other members of the CBS Group and the New Viacom Group to, respectively, take such action as may be reasonably necessary or appropriate in order to minimize Liabilities related to payroll Taxes after the Separation Date. CBS and New Viacom shall, and shall cause the other members of the CBS Group and the New Viacom Group to, respectively, each bear its responsibility for payroll Tax obligations and for the proper reporting to the appropriate Governmental Authorities of compensation earned by their respective employees after the Separation Date, including, without limitation, compensation related to the exercise of stock options and the vesting of restricted stock units.

Section 6.05 Employment Agreements. Following the Separation Date, each employment agreement between Viacom or Viacom International Inc. and a CBS Employee or Former CBS Employee shall be retained by the CBS Group. Effective as of the Separation Date, Viacom or Viacom International Inc., as applicable, shall assign to New Viacom, or the applicable New Viacom Subsidiary, and New Viacom shall assume, or shall cause to be assumed by the applicable New Viacom Subsidiary, each employment agreement between Viacom or Viacom International Inc. and a New Viacom Employee or Former New Viacom Employee.

Section 6.06 Non-U.S. Benefit Plans. The matters, issues, and Liabilities relating to, arising out of, or resulting from any Viacom Non-U.S. Benefit Plan and non-U.S.-related employment matters shall be handled in a manner that is in compliance with the requirements of applicable Law and, to the extent practicable, that is consistent with the principles and procedures set forth in this Agreement for comparable matters, issues, or Liabilities relating to, arising out of, or resulting from any U.S. Viacom Employee Benefit Plan and U.S.-related employment matters. Without in any way limiting the general principle set forth in the preceding sentence, effective as of the Separation Date, New Viacom Employees and Former New Viacom Employees who participate in any Viacom Non-U.S. Benefit Plan, shall transition to the benefit plans and programs of the non-U.S. Subsidiaries of New Viacom. CBS and New Viacom shall work together to determine the actions necessary or appropriate to implement the principles set forth in this Section 6.06.

Section 6.07 Equity-Based Plans.

(a) Outstanding Awards. The Merger Agreement shall govern the treatment of equity-based awards outstanding under the Viacom Equity Compensation Plans as of the Separation Date.

(b) New Viacom Long-Term Management Incentive Plan. Prior to the Separation Date, Viacom shall cause New Viacom to establish and adopt an equity compensation plan (the "New Viacom Long-Term Management Incentive Plan"). Effective as of the Separation Date, New Viacom shall have adopted the New Viacom Long-Term Management Incentive Plan, which shall permit the issuance of long-term incentive awards that have material terms and conditions substantially similar to those long-term incentive awards issued under the relevant Viacom Equity Plans that are to be substituted with New Viacom long-term incentive awards in connection with the Separation. Viacom, as New Viacom's sole shareholder, shall approve the New Viacom Long-Term Management Incentive Plan prior to the Separation. All Liabilities under the New Viacom Equity Compensation Plan shall be the responsibility of New Viacom.

Section 6.08 Employee Benefit Plan Participation.

(a) Viacom Plans. Except as specifically provided herein and except for any New Viacom Employees who are also CBS Employees, all New Viacom Employees and Former New Viacom Employees shall cease participation in all Viacom Employee Benefit Plans, and each member of the New Viacom Group shall cease to be a participating company in any Viacom Employee Benefit Plan, as of the Separation Date.

(b) New Viacom Plans. (i) With respect to any New Viacom Employee Benefit Plan, except as provided in Section 6.01(d), the New Viacom Group shall cause to be recognized (to the extent applicable) each New Viacom Employee's and Former New Viacom Employee's (A) past service with Viacom and its Subsidiaries prior to the Separation Date to the extent recognized under similar plans maintained by Viacom and its Subsidiaries immediately prior to the Separation Date and (B) accrued but unused vacation time and sick days, and (ii) any New Viacom Employee or Former New Viacom Employee who participated in a Viacom Employee Benefit Plan immediately prior to the Separation Date shall be entitled to immediate participation in a similar New Viacom Employee Benefit Plan.

(c) Right to Amend or Terminate. Except as specifically provided herein, nothing in this Agreement shall be construed or interpreted to restrict the CBS Group's or the New Viacom Group's right or authority to amend or terminate any of their respective Employee Benefit Plans following the Separation Date.

Section 6.09 Fees, Rebates and Performance Guarantees.

Prior to the Separation Date, CBS will provide New Viacom with an estimate of fees expected to be incurred with respect to the Viacom Employee Benefit Plans for periods before the Separation Date that will not be billed until after the Separation Date. CBS will also provide New Viacom with an estimate of rebates and performance guarantees with respect to the Viacom Employee Benefit Plans that it expects to receive after the Separation Date for periods before the Separation Date. Following the Separation Date, as CBS receives bills for the aforementioned fees, it will pay them and invoice New Viacom for its share of such fees, based on the same methodology used by the relevant vendor to determine the fee (e.g., based on headcount), and will provide New Viacom with a copy of any bill, invoice or report that it received pertaining to such fees. New Viacom will reimburse CBS for the amount reflected on the invoice as soon as reasonably practicable after the receipt thereof. Following the Separation Date, as CBS receives rebates or performance guarantees referred to above, it will promptly pay over to New Viacom its share of such rebates or performance guarantees, based on the same methodology used by the relevant vendor to determine the rebate or performance guarantee (e.g., based on headcount or claims volume), and will provide New Viacom with a copy of any statement or report that it received pertaining to such rebates or performance guarantees.

Section 6.10 General and Administrative.

(a) Sharing of Participant Information. CBS and New Viacom shall share, and CBS shall cause each other member of the CBS Group to share, and New Viacom shall cause each other member of the New Viacom Group to share with each other and their respective agents and vendors (without obtaining releases), all participant information necessary for the efficient and accurate administration of each of the Viacom Employee Benefit Plans and the New Viacom Employee Benefit Plans. CBS and New Viacom and their respective authorized agents shall, subject to applicable laws, be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Agreement in the custody of the other party, to the extent necessary for such administration. Until the Separation Date, all participant information shall be provided in the manner and medium applicable to participating companies in Viacom Employee Benefit Plans generally, and thereafter, all participant information shall be provided in a manner and medium as may be mutually agreed to by CBS and New Viacom.

(b) Reasonable Efforts/Cooperation. Each of Viacom and New Viacom will use its commercially reasonable efforts to promptly take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate the transactions contemplated by this Agreement, including, without limitation, amending existing plan documents and adopting new plan documents. Each of Viacom and New Viacom shall cooperate fully on any issue relating to the transactions contemplated by this Agreement for which the other party seeks a determination letter or private letter ruling from the IRS, an advisory opinion from the Department of Labor or any other filing, consent or approval with respect to or by a Governmental Authority.

(c) Employee Records. Each of Viacom and New Viacom will use its commercially reasonable efforts to promptly take, or cause to be taken, all actions necessary to facilitate the transfer of (i) employee Records of New Viacom Employees and Former New Viacom Employees to New Viacom and (ii) employee Records of CBS Employees and Former CBS Employees to CBS, in accordance with the transactions contemplated by this Agreement.

(d) Section 162(m). Notwithstanding anything in this Agreement to the contrary (including, without limitation, the treatment of outstanding long-term incentive awards and annual incentive awards as described herein), Viacom and New Viacom agree to negotiate in good faith regarding any alternative treatment of any outstanding long-term incentive award, annual incentive award or other compensation to which any New Viacom Employee who is a "covered employee" of New Viacom (within the meaning of Section 162(m) of the Code) may be entitled to ensure that the payment of such long-term incentive award, annual incentive award or other compensation is deductible by the party responsible for the payment thereof or otherwise entitled to the deduction related thereto.

Section 6.11 Viacom Plus. From and after the Separation Date, the employees of Viacom Plus shall be employees of New Viacom. New Viacom will consult with CBS as to all decisions relating to hiring, termination, compensation and benefits of Viacom Plus employees, and CBS shall reimburse New Viacom for 50% of the cost of compensation and benefits of the Viacom Plus employees according to procedures agreed to by CBS and New Viacom; provided, however, that any disagreements that cannot be resolved between CBS and New Viacom shall be presented to the Office of the Chairman for resolution; provided, further, that CBS and New Viacom shall independently determine the amount of any incentive compensation (whether cash or, in the case of New Viacom, equity) to be paid to any Viacom Plus employee for services performed on its behalf. New Viacom shall be solely responsible for the payment of all such incentive compensation, and CBS shall reimburse New Viacom for the amount thereof that it pays to a Viacom Plus employee at the direction of CBS. Either CBS or New Viacom may terminate the arrangements provided for in this Section 6.11 on six months' advance written notice to the other party.

ARTICLE VII INTELLECTUAL PROPERTY MATTERS

Section 7.01 Intellectual Property Matters. Without limiting the obligations under Section 11.01, from and after the Separation Date, the parties hereto agree to execute and deliver any documents and perform any actions (including, without limitation, filings with Internet domain registries, the U.S. Patent and Trademark Office, the U.S. Copyright Office and similar foreign offices) reasonably necessary or desirable to evidence, confirm, effect, perfect and/or record each party's ownership interest in Assets that constitute Intellectual Property or Software.

**ARTICLE VIII
LEGAL MATTERS**

Section 8.01 Control of Legal Matters.

(a) On or prior to the Separation Date, New Viacom shall assume (or, as applicable, retain) control of each of the New Viacom Litigation Matters, and New Viacom shall use its reasonable best efforts to have a member of the New Viacom Group substituted for any member of the CBS Group named as a defendant in any such New Viacom Litigation Matters; provided, however, that New Viacom shall not be required to make any such effort if the removal of any member of the CBS Group would jeopardize insurance coverage or rights to indemnification from third parties applicable to such New Viacom Litigation Matters.

(b) On or prior to the Separation Date, CBS shall assume (or, as applicable, retain) control of each of the CBS Litigation Matters, and CBS shall use its reasonable best efforts to have a member of the CBS Group substituted for any member of the New Viacom Group named as a defendant in any such CBS Litigation Matters; provided, however, that CBS shall not be required to make any such effort if the removal of any member of the New Viacom Group would jeopardize insurance coverage or rights to indemnification from third parties applicable to such CBS Litigation Matters.

(c) Except as provided in paragraphs (a) and (b) of this Section 8.01, after the Separation Date, the parties hereto agree that with respect to all demands, claims or Actions commenced against any member of the New Viacom Group, any member of the CBS Group or members of both Groups relating to events that take place before, on or after the Separation Date, such demands, claims or Actions shall be controlled by:

(i) New Viacom, if such claim, demand or Action relates solely to the New Viacom Assets, New Viacom Liabilities or New Viacom Business (as the New Viacom Business is conducted after the Separation Date), including, without limitation, claims, demands or Actions brought by or on behalf of any individual described in clause (i) of the definition of "Former New Viacom Employee" (a "Future New Viacom Litigation Matter"), and New Viacom shall use its reasonable best efforts to have a member of the New Viacom Group substituted for any member of the CBS Group which may be named as a defendant in such Future New Viacom Litigation Matter; provided, however, that New Viacom shall not be required to make any such effort if the removal of any member of the CBS Group would jeopardize insurance coverage or rights to indemnification from third parties applicable to such Future New Viacom Litigation Matter;

(ii) CBS, if such claim, demand or Action relates solely to the CBS Assets, CBS Liabilities or CBS Business (as the CBS Business is conducted after the Separation Date), including, without limitation, claims, demands or Actions brought by or on behalf of any individual described in clause (i) of the definition of "Former CBS Employee" (a "Future CBS Litigation Matter"), and CBS shall use its reasonable best efforts to have a member of the CBS Group substituted for any member of the New Viacom Group which may be named as a defendant in such Future CBS Litigation Matter; provided, however, that CBS shall not be required to make any such effort if the removal of any member of the New Viacom Group would jeopardize insurance coverage or rights to indemnification from third parties applicable to such Future CBS Litigation Matter; and

(iii) Except as provided in subparagraphs (i) or (ii) above, or as may be otherwise agreed by CBS and New Viacom, CBS and New Viacom jointly if (A) members of both Groups jointly operate or operated at the relevant time the Business to which such claim, demand or Action relates, (B) a claim, demand or Action arises from or relates to the Registration Statement or any other document filed with any Governmental Authority (including, without limitation, the SEC) at or prior to the Separation Date by New Viacom or Viacom in connection with the Separation or Merger, (C) a claim, demand or Action is brought by or on behalf of the current or former

stockholders of Viacom, New Viacom or CBS and relates to any filing by Viacom with the SEC other than those described in clause (B), (D) a claim, demand or Action is brought by any person against Viacom, CBS and/or New Viacom with respect to the Separation, or (E) a claim, demand or Action is brought by or on behalf of any individual described in clause (iii) of the definition of "Former New Viacom Employee" or clause (iii) of the definition of "Former CBS Employee" (the matters in clauses (A) through (E) being "Future Joint Litigation Matters"); provided, however, that no member of either Group may settle a Future Joint Litigation Matter without the prior written consent of the members of the other Group named or involved in such Future Joint Litigation Matter, which consent shall not be unreasonably withheld or delayed; provided further that either party may settle a Future Joint Litigation matter if such settlement is for money only and provides a full release from any liability under such Future Joint Litigation Matter for the other party and, as applicable, the members of the other party's Group.

(d) To the extent the party named in an Action described in this Section 8.01 (the "Named Party") is not substituted for as described in paragraph (a), (b), (c)(i) or (c)(ii) by a member of the Group which has assumed control of such Action pursuant to this Section 8.01 (the "Responsible Party"), the parties hereto agree to cooperate in defending against such Action and, subject to Section 3.08, to provide each other with access to all Information relating to such Action except to the extent providing such access and such Information would prejudice an indemnification claim available to such parties as contemplated in Section 9.06.

Section 8.02 Claims Against Third Parties. Claims, demands and Actions by Viacom or any of its Subsidiaries against third parties, and any proceeds or other benefits that may be received as a result of such claims, demands or Actions and any Liabilities arising out of or resulting from such claims, demands or Actions, that are (a) listed on Schedule 8.02(a) or that relate to the New Viacom Business and not to the CBS Business shall be the property of New Viacom ("New Viacom Claims"), (b) listed on Schedule 8.02(b) or that relate to the CBS Business and not to the New Viacom Business shall be the property of CBS ("CBS Claims"), and (c) listed on Schedule 8.02(c) or that relate to both the New Viacom Business and the CBS Business shall be the property of, and shall be shared by, New Viacom and CBS in proportion to their respective interests ("Joint New Viacom and CBS Claims").

Section 8.03 Retention of Counsel. To the maximum extent permitted by the applicable rules of professional conduct, the parties hereto agree that attorneys who have worked for Viacom and its Subsidiaries prior to the Separation Date are not conflicted from representing any members of the New Viacom Group or the CBS Group, except to the extent such representation is adverse to a member of the other Group. The parties hereto agree that (a) until the second anniversary of the date hereof, they and the members of their respective Groups shall enforce the enterprise-wide conflict rule as in effect at Viacom immediately prior to the Separation Date and shall notify their outside counsel that such rule shall remain in effect as applied to CBS, New Viacom and their respective Subsidiaries as of the Separation Date for a two-year period and (b) the firms listed on Schedule 8.03 shall be permitted to represent any members of the New Viacom Group and the CBS Group in Actions involving members of the other Group as described therein.

Section 8.04 Notice to Third Parties; Service of Process; Cooperation.

(a) Viacom and New Viacom shall cause the members of the CBS Group and the members of the New Viacom Group to promptly notify their respective agents for service of process and all other necessary parties, including, without limitation, plaintiffs and courts, of the Separation and shall provide instructions for proper service of legal process and other documents.

(b) New Viacom and CBS shall, and shall cause the members of their respective Groups to, use their reasonable best efforts to deliver to each other any legal process or other documents incorrectly served upon them or their agents as soon as possible following receipt.

Section 8.05 Applicability.

This Article VIII shall not apply to Tax Contests related to Income Taxes, Capital Taxes or Transfer Taxes to the extent such Tax Contests are governed by the Tax Matters Agreement.

**ARTICLE IX
INDEMNIFICATION**

Section 9.01 Indemnification by New Viacom. Following the Separation Date and subject to Section 13.01, New Viacom shall, and shall cause the New Viacom Subsidiaries to, indemnify, defend and hold harmless the Viacom Employee Benefit Plans and each member of the CBS Group and its Affiliates (other than any member of the New Viacom Group), and each of their respective officers, directors, employees, agents, heirs, executors, successors and assigns, including, without limitation, to the extent any such Person or any member of the CBS Group is a Named Party (each, a "CBS Indemnified Party"), from and against all losses, damages, Liabilities, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, attorneys' and consultants' fees and expenses incurred in connection with disputes with third parties, but not fees and expenses incurred in connection with disputes between any member of the CBS Group and any member of the New Viacom Group) actually suffered or incurred by them (hereinafter, a "Loss") arising out of or resulting from:

- (a) any New Viacom Liability (other than any Insured CBS Liability), including, without limitation, arising out of the failure of any member of the New Viacom Group or any other Person to pay, perform or otherwise promptly discharge any such New Viacom Liability;
- (b) the New Viacom Business, the New Viacom Employee Benefit Plans and any New Viacom Asset;
- (c) any breach by any member of the New Viacom Group of any of the Mixed Contracts or Shared Corporate Volume Contracts, subject to any indemnification provision or any specific limitation on liability contained in any Ancillary Agreement; and
- (d) any breach by New Viacom, any member of the New Viacom Group or a New Viacom Employee Benefit Plan of this Agreement or any of the Ancillary Agreements, subject to any indemnification provision or any specific limitation on liability contained in any Ancillary Agreement.

Section 9.02 Indemnification by CBS. Following the Separation Date and subject to Section 13.01, CBS shall, and shall cause the CBS Subsidiaries to, indemnify, defend and hold harmless the New Viacom Employee Benefit Plans and each member of the New Viacom Group and its Affiliates (other than any member of the CBS Group), and each of their respective officers, directors, employees, agents, heirs, executors, successors and assigns, including, without limitation, to the extent any such Person or any member of the New Viacom Group is a Named Party (each, a "New Viacom Indemnified Party"), from and against all Losses arising out of or resulting from:

- (a) any CBS Liability (other than any Insured New Viacom Liability), including, without limitation, arising out of the failure of any member of the CBS Group or any other Person to pay, perform or otherwise promptly discharge any such CBS Liability;
- (b) the CBS Business, the Viacom Employee Benefit Plans and any CBS Asset;
- (c) any breach by any member of the CBS Group of any of the Mixed Contracts or Shared Corporate Volume Contracts, subject to any indemnification provision or any specific limitation on liability contained in any Ancillary Agreement; and

(d) any breach by CBS, any member of the CBS Group or a Viacom Employee Benefit Plan of this Agreement or any of the Ancillary Agreements, subject to any indemnification provision or any specific limitation on liability contained in any Ancillary Agreement.

Section 9.03 Adjustments to Indemnification Obligations.

(a) The parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Article IX or Article V will be net of any recovery, judgment, settlement, Insurance Proceeds or other amounts that actually reduce the amount of the Liability. Accordingly, the amount that any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification hereunder (an "Indemnified Party") will be reduced by any recovery, judgment, settlement, Insurance Proceeds or other amounts theretofore actually recovered by or on behalf of the Indemnified Party in respect of the related Liability; provided, however, that any amounts described in Section 9.01 or Section 9.02 which are incurred by an Indemnified Party shall be paid or, in the case of amounts which may be insured, advanced, promptly by the Indemnifying Party and shall not be delayed pending any determination as to the availability of Insurance Proceeds. If an Indemnified Party receives a payment required to be made under this Article IX (an "Indemnity Payment") from an Indemnifying Party in respect of any Liability and subsequently receives any recovery, judgment, settlement, Insurance Proceeds or other amounts, then the Indemnified Party will pay to the Indemnifying Party an amount equal to the excess of the recovery, judgment, settlement, Insurance Proceeds or other amounts received over the amount that would have been due if the recovery, judgment, settlement, Insurance Proceeds or other amounts had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (i.e., a benefit it would not be entitled to receive in the absence of the indemnification provisions hereof) by virtue of the indemnification provisions hereof.

(c) The amount of any payment required to be paid under this Agreement between CBS or any CBS Subsidiary, on the one hand, and New Viacom or any New Viacom Subsidiary, on the other hand, in respect of a Pre-Separation Liability accruing for federal Income Tax purposes after the Separation Date (a "Payment"), shall be reduced to take into account any net Income Tax benefit of the payee arising from incurring or satisfying the Pre-Separation Liability giving rise to the payment obligation. The preceding sentence shall be implemented by reducing the Payment at the time such Payment is due to reflect the amount of such net Income Tax benefit, assuming for this purpose that any such net Income Tax benefit would be fully and immediately utilizable, unless such benefit is reflected in tax basis or similar item ("Tax Basis"), in which case, assuming such Tax Basis would be fully and immediately utilizable over the depreciation or amortization period, if applicable, computed on a present value basis using a discount rate of []%. If such Tax Basis not depreciable or amortizable, then the payee shall promptly refund to the payor the portion of such Payment or Payments equal to the net Income Tax benefits arising from such Tax Basis at the time such benefits are actually realized.

Section 9.04 Contribution. If the indemnification provided for in this Article IX is unavailable to, or insufficient to hold harmless, an Indemnified Party in respect of any Losses for which indemnification is provided for herein, then each Indemnifying Party shall contribute to the Losses for which such indemnification is unavailable or insufficient in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnified Party in connection with the circumstances which resulted in Losses as well as any other relevant equitable considerations.

Section 9.05 Characterization of Payments. For all Income Tax purposes (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest), (i) the parties hereto shall treat, and shall cause the members of their Group to treat, (a) any payment obligation arising, and any

payment made, under this Agreement, after the Separation Date with respect to Pre-Separation Liabilities as arising or occurring immediately before the Merger and (b) the portion of any payment owed or paid by one party to another party that is attributable to Post-Separation Date Interest shall be treated as interest and not as arising or being paid immediately before the Merger and (ii) no member of either the New Viacom Group or the CBS Group shall take any position inconsistent with this Section 9.05 in connection with any matter relating to Income Taxes or Income Tax Returns.

Section 9.06 Notice of Loss: Third Party Claims.

(a) An Indemnified Party shall give the Indemnifying Party notice of any matter that an Indemnified Party has determined has given or could give rise to a right of indemnification under this Agreement (other than a Third Party Claim), within 60 days of such determination, stating the amount of the Loss claimed, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed by such Indemnified Party or arises; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article IX except to the extent that such failure results in a detriment to the Indemnifying Party and shall not relieve the Indemnifying Party from any other Liability that it may have to any Indemnified Party other than under this Article IX.

(b) If an Indemnified Party shall receive notice of any claim, demand, Action, audit or assessment (each, a "Third Party Claim") against it that may give rise to a claim for Loss under this Article IX, within 30 days of the receipt of such notice, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article IX except to the extent that such failure results in a detriment to the Indemnifying Party and shall not relieve the Indemnifying Party from any other Liability that it may have to any Indemnified Party other than under this Article IX. Subject to Section 8.01(c), the Indemnifying Party shall be entitled (but shall not be required) to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice that is reasonably acceptable to the Indemnified Party if it gives notice of its intention to do so to the Indemnified Party within 15 days of the receipt of such notice from the Indemnified Party. In the event of a conflict of interest between the Indemnifying Party and the Indemnified Party, the Indemnified Party shall be entitled to retain, at the Indemnifying Party's expense, separate counsel as required by the applicable rules of professional conduct with respect to such matter. If the Indemnifying Party elects to undertake any such defense against a Third Party Claim, the Indemnified Party may participate in such defense at its own expense and, in any event, shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying Party's expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as are reasonably required by the Indemnifying Party. Similarly, if the Indemnified Party is conducting the defense against any such Third Party Claim, the Indemnifying Party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Indemnified Party's expense, all witnesses, pertinent records, materials and information in the Indemnifying Party's possession or under the Indemnifying Party's control relating thereto as are reasonably required by the Indemnified Party. If the Indemnifying Party elects to direct the defense of any Third Party Claim, the Indemnified Party shall not pay, or permit to be paid, any part of such Third Party Claim unless the Indemnifying Party consents in writing to such payment, which consent shall not be unreasonably withheld or delayed, unless the Indemnifying Party withdraws from the defense of such Third Party Claim or unless a final judgment from which no appeal may be taken by or on behalf of the Indemnifying Party is entered against the Indemnified Party for such Third Party Claim. If the Indemnified Party assumes the defense of any such claims or proceedings pursuant to this Section 9.06 and proposes to settle such claims or proceedings prior to a final judgment thereon or to forgo any appeal with respect thereto, then the Indemnified Party shall give the Indemnifying Party prompt written notice thereof and the Indemnifying Party shall have the right to participate in the settlement

or assume or reassume the defense of such claims or proceeding. Without the consent of the Indemnified Party, the Indemnifying Party shall have the right to settle any Third Party Claim for which it obtains a full release of the Indemnified Party in respect of such Third Party Claim but only to the extent such settlement does not require or grant any injunctive or other relief that impacts the Business of the Indemnified Party in any way or contains any admission of liability.

Section 9.07 Remedies. The parties hereto acknowledge and agree that (a) following the Separation, the indemnification provisions of Sections 9.01 and 9.02 and the dispute resolution provisions of Article X shall be the sole and exclusive remedies of the parties hereto for any failure by the other party to perform and comply with any covenants and agreements in this Agreement and (b) notwithstanding anything herein to the contrary, no breach of any covenant or agreement contained herein shall give rise to any right on the part of CBS or New Viacom or any member of its respective Group, after the consummation of the Separation, to rescind this Agreement or any Ancillary Agreement or any of the transactions contemplated hereby and thereby. Each party hereto shall take all reasonable steps to mitigate its Losses upon and after becoming aware of any event that could reasonably be expected to give rise to any Losses.

Section 9.08 Tax Matters. The rights and obligations of the parties under this Article IX shall not apply with respect to indemnification for any Loss related to, or arising from, Income Taxes, Capital Taxes or Transfer Taxes to the extent any such Loss is governed by the Tax Matters Agreement.

Section 9.09 Additional Matters.

(a) Any claim on account of a Liability not contemplated by Section 9.06(a) or that does not result from a Third Party Claim shall be asserted by written notice given by the Indemnified Party to the Indemnifying Party. Such Indemnifying Party shall have a period of 60 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 60-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 60-day period or rejects such claim in whole or in part, such Indemnified Party shall be free to pursue such other remedies as may be available to such Party.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnified Party in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnified Party shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

Section 9.10 Survival of Indemnities. The rights and obligations of each of CBS and New Viacom and their respective Indemnified Parties under this Article IX shall survive the distribution, sale or other transfer by any party of any Assets or the assignment by it of any Liabilities.

ARTICLE X DISPUTE RESOLUTION

Section 10.01 Disputes. Except as otherwise specifically provided in any Ancillary Agreement (the terms of which, to the extent so provided therein, shall govern the resolution of disputes, controversies or claims that are the subject of that Ancillary Agreement), the procedures for discussion, negotiation and arbitration set forth in this Article X shall apply to all disputes, controversies or claims (whether arising in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with, this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby (including, without limitation, all actions taken in furtherance of the transactions

contemplated hereby or thereby on or prior to the date hereof), or the commercial or economic relationship of the parties relating hereto or thereto, between or among any member of the CBS Group and the New Viacom Group (collectively, "Agreement Disputes").

Section 10.02 Dispute Resolution.

(a) CBS and New Viacom will use commercially reasonable efforts to resolve expeditiously any Agreement Dispute on a mutually acceptable negotiated basis. In furtherance of the foregoing, any member of the New Viacom Group or the CBS Group involved in an Agreement Dispute may deliver a notice (an "Escalation Notice") demanding an in-person meeting involving senior level management representatives of CBS and New Viacom (or, if CBS and New Viacom agree, of the appropriate strategic business unit or division within each such entity). A copy of any such Escalation Notice shall be given to the General Counsel of CBS and of New Viacom (which copy shall state that it is an Escalation Notice pursuant to this Section 10.02). Any agenda, location or procedures for such discussions or negotiations between CBS and New Viacom may be established by CBS and New Viacom from time to time; provided, however, that the representatives of CBS and New Viacom shall use their reasonable efforts to meet within 30 days of the Escalation Notice (or such shorter time as is necessary to avoid immediate irreparable injury).

(b) If the senior level management representatives of CBS and New Viacom are not able to resolve the Agreement Dispute within 30 days after the date of the Escalation Notice (or such shorter time as is necessary to avoid immediate irreparable injury), then the Agreement Dispute shall be submitted to a committee consisting of one independent director of CBS and one independent director of New Viacom.

(c) If CBS and New Viacom are not able to resolve the Agreement Dispute through the processes set forth in subsections (a) and (b) of this Section 10.02 within 60 days after the date of the Escalation Notice (or such shorter time as is necessary to avoid immediate irreparable injury), such Agreement Dispute shall be determined, at the request of either CBS or New Viacom by arbitration, which shall be conducted (i) by three arbitrators, consisting of one arbitrator appointed by CBS, one arbitrator appointed by New Viacom and a third arbitrator appointed by the two arbitrators appointed by CBS and New Viacom or, if the arbitrators appointed by CBS and New Viacom cannot agree on a third arbitrator, the third arbitrator shall be appointed by a committee consisting of two directors who are directors of both CBS and New Viacom, and (ii) in accordance with the Commercial Rules of the American Arbitration Association (except with respect to the selection of arbitrators) in effect at the time of filing of the demand for arbitration. Any request for arbitration pursuant to this paragraph (b) may be made only after the party requesting arbitration obtains the prior approval of its board of directors to make such request.

(d) The decision of the arbitrators shall be final and binding upon the parties hereto, and the expense of the arbitration (including, without limitation, the award of attorneys' fees to the prevailing party) shall be paid as the arbitrators determine. The decision of the arbitrators shall be executory, and judgment thereon may be entered by any court of competent jurisdiction. The seat of the arbitration shall be New York, New York.

(e) The existence of, and any discussions, negotiations, arbitrations or other proceedings relating to, any Agreement Dispute shall be considered by each party hereto as Confidential Information until such time as a judgment thereon is entered in a court of competent jurisdiction.

(f) Notwithstanding anything contained in this Agreement to the contrary, no member of the New Viacom Group and no member of the CBS Group shall have the right to institute judicial proceedings against the other party or any Person acting by, through or under such other party, in order to enforce the instituting party's rights hereunder, except that any such member shall be permitted to seek an injunction in aid of arbitration with respect to an Agreement Dispute to preserve the status quo during the pendency of any arbitration proceeding pursuant to paragraph (b) of this Section 10.02. All judicial proceedings arising out of or relating to this Agreement shall be heard and determined exclusively in any New York state or federal court sitting in the Borough of Manhattan in The City of New York.

Section 10.03 Continuity of Service and Performance. Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article X with respect to all matters not subject to such Agreement Dispute.

ARTICLE XI

FURTHER ASSURANCES

Section 11.01 Further Assurances.

(a) The parties hereto shall use all reasonable efforts to take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable under applicable Law, and to execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and any Ancillary Agreement and to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements, whether before or after the Separation Date.

(b) Without limiting the foregoing, prior to, on and after the Separation Date, each party hereto shall cooperate with the other party, and without any further consideration, but at the expense of the requesting party, to execute and deliver, or use its reasonable efforts to cause to be executed and delivered, all instruments, including, without limitation, instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Consents and Governmental Approvals, including, without limitation, under any permit, license, agreement, indenture or other instrument, and to take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the New Viacom Assets and the CBS Assets and the assignment and assumption of the New Viacom Liabilities and the CBS Liabilities and the other transactions contemplated hereby and thereby.

(c) To the extent any provision in this Agreement or in any Ancillary Agreement requires CBS or New Viacom to cause the CBS Subsidiaries or the New Viacom Subsidiaries, as applicable, to take any action or not to take any action, such provision shall only be applicable with respect to the CBS Subsidiaries that are controlled by CBS and the New Viacom Subsidiaries that are controlled by New Viacom, in each case directly or indirectly through one or more intermediaries.

ARTICLE XII

TERMINATION

Section 12.01 Termination. This Agreement may only be terminated by the written agreement of the parties hereto.

Section 12.02 Effect of Termination. In the event of termination of this Agreement in accordance with Section 12.01, this Agreement shall forthwith become void and there shall be no Liability on the part of either party hereto.

Section 12.03 Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the parties hereto or (b) by a waiver in accordance with Section 12.04.

Section 12.04 Waiver. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party and (b) waive compliance with any of the agreements of the other party or conditions to such party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party

to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of either party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

ARTICLE XIII

MISCELLANEOUS

Section 13.01 Limitation of Liability. IN NO EVENT SHALL ANY MEMBER OF THE CBS GROUP OR THE NEW VIACOM GROUP BE LIABLE TO ANY MEMBER OF THE NEW VIACOM GROUP OR THE CBS GROUP, RESPECTIVELY, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATIONS SHALL NOT LIMIT EACH PARTY'S INDEMNIFICATION OBLIGATIONS FOR LIABILITIES TO THIRD PARTIES AS SET FORTH IN ARTICLE IX.

Section 13.02 Expenses. Notwithstanding anything in this Agreement or in any Ancillary Agreement to the contrary, all One-Time Transaction Costs (as defined in Schedule 13.02) up to an aggregate of \$195 million (the "Aggregate Threshold") shall be borne by Viacom on or prior to the Separation Date and by New Viacom following the Separation Date. In furtherance of the foregoing, New Viacom shall reimburse CBS for any reasonably documented One-Time Transaction Costs incurred by CBS until Viacom, with respect to the period on or before the Separation Date, and New Viacom, with respect to the period following the Separation Date, in the aggregate, shall have incurred One-Time Transaction Costs up to the Aggregate Threshold. Any One-Time Transaction Costs in excess of the Aggregate Threshold shall be borne by CBS and New Viacom equally. In furtherance of the immediately preceding sentence, with respect to One-Time Transaction Costs incurred in excess of the Aggregate Threshold, CBS and New Viacom shall promptly reimburse each other for 50% of any such reasonably documented One-Time Transaction Costs incurred by the other party.

Section 13.03 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 13.04 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, by facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 13.04):

If to CBS, to:

CBS Corporation
51 West 52nd Street
New York, NY 10019
Facsimile No: (212) 975-4215

Attn: Louis J. Briskman

With a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Facsimile No: (212) 310-8007

Attn: Howard Chatzinoff
Michael E. Lubowitz

If to New Viacom, to:

Viacom Inc.
1515 Broadway
New York, NY 10036
Facsimile No: (212) 258-6099

Attn: Michael D. Fricklas

With a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Facsimile No: (212) 848-7179

Attn: Creighton O'M. Condon
Christa A. D'Alimonte

Section 13.05 Public Announcements. Following the Separation, the parties hereto shall be permitted to make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated by this Agreement or otherwise communicate with any news media unless otherwise prohibited by Law or applicable stock exchange regulation or the provisions of this Agreement or any Ancillary Agreement.

Section 13.06 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to either party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the greatest extent possible.

Section 13.07 Entire Agreement; Assignment. This Agreement and the Ancillary Agreements constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, between the parties hereto with respect to the subject matter hereof and thereof. This Agreement may not be assigned (whether pursuant to a merger, by operation of Law or otherwise) by a party hereto without the consent of the other party hereto, provided that no such assignment shall relieve the assigning party of its obligations hereunder.

Section 13.08 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their successors and permitted assigns, and nothing herein, express or implied (including, without limitation, the provisions of Article IX relating to indemnified parties), is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of

any nature whatsoever under or by reason of this Agreement, except as specifically set forth in Schedule 13.08.

Section 13.09 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 13.10 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 13.10.

Section 13.11 Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless otherwise expressly provided for in this Agreement, the word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

Section 13.12 Survival of Covenants. Except as expressly set forth in any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and Liability for the breach of any obligations contained herein or therein, shall survive the Separation and shall remain in full force and effect.

[Signature page follows]

B-72

Edgar Filing: VIACOM INC - Form S-4/A

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

VIACOM INC.,
a Delaware corporation

By: _____

Name:
Title:

NEW VIACOM CORP.,
a Delaware corporation

By: _____

Name:
Title:
B-73

TAX MATTERS AGREEMENT

by and between

VIACOM INC.

and

NEW VIACOM CORP.

Dated as of December , 2005

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	C-2
Section 1.1 Certain Defined Terms	C-2
Section 1.2 Additional Definitions	C-6
ARTICLE II TAX RETURN FILINGS	C-6
Section 2.1 Filing of Federal Consolidated Tax Returns	C-6
Section 2.2 Allocation of Responsibility for Federal Income Taxes for Pre-Separation Periods	C-6
Section 2.3 The 2005 Federal Consolidated Income Tax Return	C-6
Section 2.4 Tax Returns for Taxable Periods Beginning After the Separation Date	C-8
Section 2.5 Amended Returns; Refunds; Carrybacks	C-8
ARTICLE III TAX CONTEST	C-9
Section 3.1 Tax Contest	C-9
Section 3.2 Notice and Overriding Elections; Freezing Liability with Respect to a Tax Contest; Assuming Control of a Tax Contest; Correlative Adjustments.	C-10
Section 3.3 Recalculation of the Share of Liability to Reflect Adjustments	C-10
ARTICLE IV SPIN-OFF DISQUALIFICATION AND OTHER TAXES ARISING FROM SEPARATION TRANSACTIONS	C-11
Section 4.1 Indemnification by New Viacom	C-11
Section 4.2 Indemnification by CBS	C-12
Section 4.3 Treatment of Other Income Tax Items Attributable to the Separation Transactions	C-12
ARTICLE V PAYMENTS MADE UNDER THIS AGREEMENT	C-12
Section 5.1 Interest	C-12
Section 5.2 Tax Treatment of Payments Made Under This Agreement	C-12
Section 5.3 Tax Effecting Obligations Under This Agreement	C-12
Section 5.4 Direct Payments to the IRS	C-13
ARTICLE VI STATE, LOCAL AND FOREIGN INCOME TAXES	C-13
Section 6.1 State, Local and Foreign Income Taxes; Capital Taxes	C-13
Section 6.2 Certain Transfer Taxes	C-13
ARTICLE VII DISPUTE RESOLUTION	C-14
ARTICLE VIII CONFIDENTIALITY; EXCHANGE OF INFORMATION	C-14
Section 8.1 Ownership of Income Tax Information	C-14
Section 8.2 Restrictions on Disclosure of Income Tax Information	C-14
Section 8.3 Disclosure of Income Tax Information	C-14
Section 8.4 Access to Income Tax Information	C-15
Section 8.5 Record Retention	C-15
Section 8.6 Income Tax Information Relating to Non-Income Taxes	C-16
Section 8.7 Witness Services	C-16
Section 8.8 Privileged Matters	C-16
ARTICLE IX MISCELLANEOUS	C-18
Section 9.1 Termination	C-18
Section 9.2 Limitation of Liability	C-18
Section 9.3 Expenses	C-18
Section 9.4 Counterparts	C-18

Edgar Filing: VIACOM INC - Form S-4/A

Section 9.5	Notices	C-18
Section 9.6	Severability	C-18
Section 9.7	Entire Agreement	C-19
Section 9.8	Assignment	C-19
Section 9.9	Amendments	C-19
Section 9.10	Waiver	C-19
Section 9.11	No Third Party Beneficiaries	C-19
Section 9.12	Governing Law	C-19
Section 9.13	Waiver of Jury Trial	C-19
Section 9.14	Survival of Covenants	C-20
Section 9.15	Headings	C-20
Section 9.16	Termination	C-20
Section 9.17	Successor Provisions	C-20
Section 9.18	Compliance by Subsidiaries	C-20
Section 9.19	Successors	C-20

TAX MATTERS AGREEMENT

THIS TAX MATTERS AGREEMENT (the "Agreement"), dated as of December , 2005 is entered into by and between Viacom Inc., a Delaware corporation ("Viacom"), and New Viacom Corp., a Delaware corporation ("New Viacom").

WHEREAS, Viacom, directly and through its various subsidiaries, is engaged in the CBS Business and the New Viacom Business;

WHEREAS, the Board of Directors of Viacom has determined that it is in the best interests of Viacom and its stockholders to separate Viacom into two separate, publicly traded companies, which will operate the CBS Business and the New Viacom Business, respectively;

WHEREAS, in order to effect such separation, (i) Viacom will, and will cause its Subsidiaries to, transfer to New Viacom and to the New Viacom Subsidiaries all of the Subsidiaries, assets and liabilities of Viacom and its Subsidiaries that relate primarily to the New Viacom Business and that are not already owned or otherwise held by New Viacom and the New Viacom Subsidiaries, (ii) New Viacom will, and will cause the New Viacom Subsidiaries to, transfer to Viacom and the CBS Subsidiaries all of the Subsidiaries, assets and liabilities of New Viacom and the New Viacom Subsidiaries that relate primarily to the CBS Business and that are not already owned or otherwise held by Viacom and the CBS Subsidiaries, in each case in the manner set forth and except as otherwise provided in the Separation Agreement and the Ancillary Agreements and (iii) Viacom and Viacom Merger Sub Inc., a Delaware corporation, will consummate the Merger (the transactions described in clauses (i), (ii) and (iii) collectively, the "Separation Transactions");

WHEREAS, prior to consummation of the Separation Transactions, Viacom is the common parent corporation of an affiliated group of corporations within the meaning of Section 1504 of the Code;

WHEREAS, in the Merger, Viacom will be renamed "CBS Corporation" ("CBS") and New Viacom will be renamed "Viacom Inc." and, after the Separation Date, CBS and its Subsidiaries will conduct the CBS Business and New Viacom and its Subsidiaries will conduct the New Viacom Business;

WHEREAS, in the Merger, each share of stock of Viacom outstanding immediately prior to the Effective Time (as defined in the Merger Agreement) shall be canceled and shall be converted automatically into the right to receive 0.5 shares of common stock of New Viacom, and 0.5 shares of common stock of CBS.

WHEREAS, the distribution of stock in New Viacom to the shareholders of Viacom is intended to qualify as a tax-free reorganization under Section 368(a)(1)(D) of the Code and as tax-free under Sections 355 and 361 of the Code;

WHEREAS, Viacom and New Viacom wish to allocate and settle among themselves in an equitable manner all applicable federal, state, local and foreign Income Taxes for all taxable periods that include or end prior to the Separation Date; and

WHEREAS, it is appropriate and desirable for Viacom and New Viacom to set forth the principles and responsibilities of the parties to this Agreement with respect to indemnification for Income Taxes, Income Tax proceedings and other related Income Tax matters.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Certain Defined Terms. For purposes of this Agreement:

"2005 Consolidated Tax Return" means the U.S. federal consolidated Income Tax Return for the Old Viacom Group for the 2005 calendar year.

"Actually Received" has the following meaning: an Income Tax benefit shall be treated as Actually Received by any Person at the time at which and to the extent that (i) a cash payment is received from the appropriate taxing authority in respect of such Income Tax benefit or (ii) the amount of Income Taxes payable by such Person is reduced below the amount of Income Taxes that such Person would be required to pay (or the credit or loss to which such Person is entitled to increased above the amount to which such Person otherwise would have been entitled) but for such incremental Income Tax benefit.

"Capital Tax" and "Capital Taxes" means (i) any and all state and local taxes imposed on capital, net worth or equity, (ii) any and all interest, penalties, additions to tax, or additional amounts imposed by any taxing authority in connection with (A) any item described in clause (i) or this clause (ii) or (B) the failure to comply with any requirement imposed with respect to any Tax Return relating to any Capital Tax, and (iii) any obligation with respect to any item described in clause (i) and/or (ii) above payable by reason of contract, assumption, transferee or successor liability, operation of Law, or otherwise.

"CBS Adjusted Tax Liability" means, with respect to any taxable period (or portion thereof) ending on or before the Separation Date, the sum of (i) the CBS Business Tax and (ii) the product of (x) 0.5 and (y) the amount equal to the CBS Business Tax plus the New Viacom Business Tax minus the Old Viacom Tax Liability; in each case, with respect to such taxable period. For the avoidance of doubt, the amount described in clause (ii)(y) of this definition may be a negative number.

"CBS Business" has the meaning set forth in the Separation Agreement, except, for purposes of this Agreement, without regard to whether such business is conducted before or after consummation of the Separation Transactions.

"CBS Business Tax" means, with respect to any taxable period (or portion thereof) ending on or before the Separation Date, the federal Income Tax liability that the Old Viacom Group would have if (i) during the entirety of the particular taxable period (or portion thereof), it owned only the assets and conducted only the activities and operations of the CBS Business and the CBS Discontinued Operations, (ii) any and all carryforwards and carrybacks of tax attributes of the Old Viacom Group (regardless of whether originating from a segment of the CBS Business, the CBS Discontinued Operations, the New Viacom Business or the New Viacom Discontinued Operations) actually available in such taxable period (or portion thereof) were taken into account and (iii) any tax attribute generated in the same taxable period (or portion thereof) but not absorbed in the computation of the New Viacom Business Tax for the same taxable period (or portion thereof) were taken into account. For the avoidance of doubt, for purposes of this definition, the definition of New Viacom Business Tax and the calculations relating thereto, the same carryforward or carryback tax attribute may be used in computing the CBS Business Tax and the New Viacom Business Tax.

"CBS Discontinued Operations" means any and all businesses sold or otherwise disposed of before the Separation Date that related to

"CBS Entities" means CBS and the CBS Subsidiaries.

"CBS Estimated Tax Payments" means, with respect to any taxable period (or portion thereof) ending on or before the Separation Date, the sum of (i) the total amount of estimated federal Income Tax payments made on or prior to the Separation Date multiplied by the CBS Original Tax Percentage and (ii) the total amount for which CBS is responsible and paid to the taxing authorities pursuant to Section 2.3(b)(i) with respect to estimated federal Income Tax payments made after the Separation Date.

"CBS Original Tax Percentage" means a percentage equal to the CBS Adjusted Tax Liability for any taxable period (or portion thereof) ending on or before the Separation Date divided by the Old Viacom Tax Liability for such taxable period, as the amount of those liabilities were determined based on the original federal consolidated Income Tax Return actually filed for such taxable period (or, in the case of the Pre-Separation Short Year Tax Return, such Tax Return as finalized in accordance with this Agreement). For the avoidance of doubt, adjustments made to the CBS Adjusted Tax Liability or to the Old Viacom Tax Liability after such original filing (or such finalization) shall not, for purposes of this Agreement, change the CBS Original Tax Percentage.

"CBS Tax Packages" means, collectively, all Tax Packages for a particular taxable period (or portion thereof) with respect to the CBS Business and the CBS Discontinued Operations. A "CBS Tax Package" means a Tax Package with respect to a part of the CBS Business and/or the CBS Discontinued Operations.

"Certain Shared Issues" means .

"Code" means the Internal Revenue Code of 1986, as amended.

"Confidential Income Tax Information" has the meaning set forth in Section 8.2(a).

"Current Practices" means of the current practices, tax accounting methods, and positions used by the members of the Old Viacom Group as of the Separation Date in connection with any and all Income Tax matters, including the preparation of Tax Packages and the preparation and filing of Tax Returns, revised as appropriate to take into account (i) changes in the applicable Law after the Separation Date, (ii) good faith resolutions of Tax Contests after the Separation Date and (iii) methods or positions adopted in the preparation of Income Tax Returns previously filed (after the Separation Date) in accordance with this Agreement.

"Deviation" has the meaning set forth in Section 2.3(a)(ii).

"Dispute" has the meaning set forth in Section 2.3(a)(ii).

"Electing Party" has the meaning set forth in Section 3.2(a).

"Election" has the meaning set forth in Section 3.2(a).

"Governmental Authority" has the meaning set forth in the Separation Agreement.

"Income Tax Information" means any and all records, documents, data and other information relating to Income Taxes, including, without limitation, Income Tax Returns and Tax Packages.

"Income Tax Returns" means any Tax Return relating to Income Taxes.

"Income Taxes" means (i) any and all federal, state, local and foreign taxes based upon, measured by, or computed by reference to net income or profits (including alternative minimum tax), (ii) any and all interest, penalties, additions to tax, or additional amounts imposed by any taxing authority in connection with (A) any item described in clause (i) or this clause (ii) or (B) the failure to comply with any requirement imposed with respect to any Income Tax Return, and (iii) any obligation with respect to Income Taxes described in clause (i) and/or (ii) above payable by reason of contract, assumption, transferee or successor liability, operation of Law, Treasury Regulation section 1.1502-6(a) or 1.1502-78 (or predecessor or successor thereof or any analogous or similar provisions under Law) or otherwise.

"IRS" means the U.S. Internal Revenue Service.

Edgar Filing: VIACOM INC - Form S-4/A

"IRS Private Letter Ruling" means the federal income tax rulings issued to Old Viacom on November 22, 2005 by the IRS in connection with the Separation Transactions.

"New Viacom Adjusted Tax Liability" means, with respect to any taxable period (or portion thereof) ending on or before the Separation Date, the sum of (i) the New Viacom Business Tax and (ii) the product of (x) 0.5 and (y) the amount equal to the CBS Business Tax plus the New Viacom Business Tax minus the Old Viacom Tax Liability; in each case, with respect to such taxable period. For the avoidance of doubt, the amount described in clause (ii)(y) of this definition may be a negative number.

"New Viacom Business" has the meaning set forth in the Separation Agreement, except, for purposes of this Agreement, without regard to whether such business is conducted before or after consummation of the Separation Transactions.

"New Viacom Business Tax" means, with respect to any taxable period (or portion thereof) ending on or before the Separation Date, the federal Income Tax liability that the Old Viacom Group would have if (i) during the entirety of the particular taxable period (or portion thereof), it owned only the assets and conducted only the activities and operations of the New Viacom Business and/or the New Viacom Discontinued Operations (ii) any and all carryforwards and carrybacks of tax attributes of the Old Viacom Group (regardless of whether originating from a segment of the CBS Business, the CBS Discontinued Operations, the New Viacom Business or the New Viacom Discontinued Operations) actually available in such taxable period (or portion thereof) were taken into account and (iii) any tax attribute generated in the same taxable period (or portion thereof) but not absorbed in the computation of the CBS Business Tax for the same taxable period (or portion thereof) were taken into account. For the avoidance of doubt, for purposes of this definition, the definition of CBS Business Tax and the calculations relating thereto, the same carryforward or carryback tax attribute may be used in computing the CBS Business Tax and the New Viacom Business Tax.

"New Viacom Discontinued Operations" means any and all businesses sold or otherwise disposed of before the Separation Date that related to

"New Viacom Entities" means New Viacom and the New Viacom Subsidiaries.

"New Viacom Estimated Tax Payments" means, with respect to any taxable period (or portion thereof) ending on or before the Separation Date, the sum of (i) the total amount of estimated payments made on or prior to the Separation Date multiplied by the New Viacom Original Tax Percentage and (ii) the total amount for which New Viacom is responsible and paid to CBS pursuant to Section 2.3(b)(i) with respect to estimated payments made after the Separation Date.

"New Viacom Original Tax Percentage" means a percentage equal to the New Viacom Adjusted Tax Liability for any taxable period (or portion thereof) ending on or before the Separation Date divided by the Old Viacom Tax Liability for such taxable period, as the amount of those liabilities were determined based on the original federal consolidated Income Tax Return actually filed for such taxable period (or, in the case of the Pre-Separation Short Year Tax Return, such Tax Return as finalized in accordance with this Agreement). For the avoidance of doubt, adjustments made to the New Viacom Adjusted Tax Liability or to the Old Viacom Tax Liability after such original filing (or such finalization) shall not, for purposes of this Agreement, change the New Viacom Original Tax Percentage.

"New Viacom Tax Packages" means, collectively, all Tax Packages for a particular taxable period (or portion thereof) with respect to the New Viacom Business and the New Viacom Discontinued Operations. A "New Viacom Tax Package" means a Tax Package with respect to a part of the New Viacom Business and/or the New Viacom Discontinued Operations.

"Non-Settling Party" has the meaning set forth in Section 3.2(b).

Edgar Filing: VIACOM INC - Form S-4/A

"Old Viacom Group" means the affiliated group of corporations (within the meaning of Section 1504 of the Code) of which the common parent is (i) Viacom for taxable periods (or portions thereof) ending on or before the Separation Date and (ii) CBS for taxable periods (or portions thereof) beginning after the Separation Date.

"Old Viacom Return" means the U.S. federal consolidated income Tax Return for the Old Viacom Group for any taxable period ending on or prior to December 31, 2005.

"Old Viacom Tax Liability" means, with respect to any taxable period (or portion thereof) ending on or before the Separation Date, the federal Income Tax liability of the Old Viacom Group.

"Overriding Party" has the meaning set forth in Section 3.2(a).

"Owning Party" has the meaning set forth in Section 8.3.

"Payment" has the meaning set forth in Section 5.3.

"Post-Separation Date Interest" has the meaning set forth in the Separation Agreement.

"Pre-Separation Liability" has the meaning set forth in the Separation Agreement.

"Pre-Separation Period" means any taxable period (or portion thereof) ending on or before the Separation Date.

"Providing Party" has the meaning set forth in Section 8.4(a).

"Refund" means, with respect to any Person, any refund of Income Taxes including any reduction of Income Tax liabilities by means of a credit, offset or otherwise, but excluding any interest payable by the appropriate taxing authority.

"Related Party" has the meaning set forth in Section 8.4(a).

"Requesting Party" has the meaning set forth in Section 8.4(a).

"Section 3.2 Settlement Amount" has the meaning set forth in Section 3.2(d).

"Separation Agreement" means the Separation Agreement by and between Viacom and New Viacom, dated as of the date hereof, and thereafter as amended.

"Separation Transactions" has the meaning set forth in the Recitals.

"Settling Party" has the meaning set forth in Section 3.2(d).

"Special Committee" means a committee whose members are the chair of the audit committee of CBS and the chair of the audit committee of New Viacom.

"Spin-Off Disqualification" means the failure of any of the transactions taken in connection with the Separation Transactions from qualifying for tax-free treatment, where tax-free treatment was intended by the parties as reflected in the IRS Private Letter Ruling.

"Tax Basis" has the meaning set forth in Section 5.3.

"Tax Contest" has the meaning set forth in Section 3.1.

"Tax Opinion" means the opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP to Old Viacom, dated _____, addressing the federal income tax treatment of certain components of the Separation Transactions.

"Tax Package" means all of the information necessary to prepare a Tax Return for a particular taxable period (or portion thereof) with respect to an activity or operation conducted by Old Viacom or any direct or indirect Subsidiary of Old Viacom.

"Tax Return" means any returns, reports, declarations, elections, notices, designations, filings, statements, forms, and information returns and reports filed or required to be filed with any taxing authority in respect of Taxes, including any schedules thereto.

"Transfer Taxes" shall mean any Taxes (other than Income Taxes and Capital Taxes) that the parties have agreed to share under the Separation Agreement.

Section 1.2 Additional Definitions. Capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Separation Agreement.

ARTICLE II

TAX RETURN FILINGS

Section 2.1 Filing of Federal Consolidated Tax Returns. New Viacom and CBS shall cause the New Viacom Entities and the CBS Entities to be included in the Old Viacom Group through the Separation Date to the extent permitted under federal Income Tax Law.

Section 2.2 Allocation of Responsibility for Federal Income Taxes for Pre-Separation Periods. With respect to the Old Viacom Tax Liability for each Pre-Separation Period, (i) New Viacom will be responsible for the portion equal to New Viacom Adjusted Tax Liability for such taxable period and (ii) CBS will be responsible for the portion equal to the CBS Adjusted Tax Liability for such taxable period.

Section 2.3 The 2005 Federal Consolidated Income Tax Return.

(a) *Preparation and Filing of the 2005 Federal Consolidated Income Tax Return.*

(i) New Viacom shall provide CBS, no later than April 30, 2006, with the New Viacom Tax Packages with respect to the 2005 calendar year. CBS shall prepare the CBS Tax Packages with respect to the same taxable year. New Viacom and CBS shall (1) cooperate with each other in preparing Tax Packages for entities that conduct part of the New Viacom Business or the New Viacom Discontinued Operations on the one hand and part of the CBS Business or the CBS Discontinued Operations on the other hand, and (2) jointly prepare Tax Packages with respect to assets, liabilities, activities or operations that do not constitute part of the New Viacom Business, the New Viacom Discontinued Operations, the CBS Business, or the CBS Discontinued Operations. The Tax Packages for the 2005 calendar year shall be prepared on a basis consistent with Current Practices. New Viacom shall also promptly provide CBS with any information reasonably requested to prepare the 2005 Consolidated Tax Return and to determine estimated Income Tax payments, current and deferred Income Tax liabilities, and Income Tax reserve items.

(ii) CBS shall have primary responsibility for preparing the 2005 Consolidated Tax Return (including requests for extensions thereof). CBS shall prepare such Tax Return in a manner consistent with Current Practices and shall report on such Tax Return the information and positions properly contained in the Tax Packages except to the extent CBS determines that a deviation is appropriate as a result of (i) consolidating the various Tax Packages or (ii) information or a position contained in a New Viacom Tax Package being inconsistent with information or a position contained in a CBS Tax Package (a "Deviation"). CBS shall deliver to New Viacom for its review a final draft of the 2005 Consolidated Tax Return at least thirty (30) days prior to the date (with extensions) such Tax Return is required to be filed. If New Viacom believes that such Tax Return is inconsistent with the second preceding sentence or contains a Deviation with which it disagrees, New Viacom may provide CBS comments to that effect no later than fifteen (15) days after receipt of the draft Tax Return and such comments shall specify which positions in such draft, if any, New Viacom believes are inconsistent with the principles contained in the second preceding

sentence and with which Deviations it disagrees ("Disputes"). Disputes that are not promptly resolved shall be resolved by an arbitrator in accordance with Article VII. CBS shall timely file such Tax Return, as modified to reflect the resolution of any Dispute. If any Dispute remains unresolved seven (7) days before the due date (with extensions) for filing such Tax Return (regardless of whether the Dispute has been submitted to an arbitrator), such Dispute shall be submitted to the Special Committee, which shall decide how, for purposes of filing such Tax Return, the items that are the subject of the Dispute will be reported on such Tax Return if the parties do not agree and no decision has been made by the arbitrator prior to the due date of such Tax Return (with extensions). CBS shall timely file such Tax Return, properly reflecting thereon the agreement of the parties, the decision of the Special Committee or the decision of the arbitrator, as applicable, on the date such Tax Return is required to be filed (with extensions). If the Dispute is subsequently resolved by the parties or by an arbitrator in accordance with Article VII in a manner contrary to the 2005 Consolidated Tax Return as filed, then, in accordance with the procedures contained in this Section 2.3(a)(ii), CBS shall prepare an amended 2005 Consolidated Tax Return in a manner necessary to effectuate such resolution and file such amended Tax Return. If either party desires the filing of a request for an extension of time within which to file the 2005 Consolidated Tax Return, then CBS shall prepare any Tax Return necessary to obtain such extension and file such Tax Return. CBS shall pay any and all third-party costs and expenses incurred by CBS, and New Viacom shall pay any and all third-party costs and expenses incurred by New Viacom, in connection with the preparation of the 2005 Consolidated Tax Return.

(b) *Payments of the 2005 Old Viacom Group Tax Liability.*

(i) If one or more estimated federal Income Tax payments are required to be made with respect to the Old Viacom Tax Liability for the 2005 calendar year after the Separation Date, then New Viacom and CBS shall each fund 50% of such estimated payments. Amounts payable after the Separation Date as estimated payments with respect to the Old Viacom Tax Liability for the 2005 calendar year shall be determined in good faith by New Viacom and CBS and, any disagreement relating thereto shall be referred to, and resolved by, the Special Committee.

(ii) If a payment is required to be made (other than by reason of a Tax Contest or for estimated Income Taxes) with respect to the Old Viacom Tax Liability for the 2005 calendar year after the Separation Date and after such Old Viacom Tax Liability has been determined in accordance with this Agreement, then (1) New Viacom shall bear the portion of such payment obligation equal to the excess, if any, of the New Viacom Adjusted Tax Liability over the New Viacom Estimated Tax Payments, and (2) CBS shall bear the portion of such payment obligation equal to the excess, if any, of the CBS Adjusted Tax Liability over the CBS Estimated Tax Payments, in each case, for such taxable period.

(iii) Where, pursuant to this Section 2.3(b), New Viacom is required to bear a portion of any payment made after the Separation Date with respect to the Old Viacom Tax Liability for the 2005 calendar year, then New Viacom shall remit its share to CBS two (2) Business Days before the due date for such payment. CBS shall timely remit the entire amount of the payment obligation to the IRS and shall thereafter promptly provide New Viacom with documentation evidencing its payment to the IRS.

(iv) Where one party has paid more, and the other party has paid less, than the amount for which it is responsible under this Section 2.3(b) with respect to the Old Viacom Tax Liability for the 2005 calendar year, then the other party shall remit to such party the amount of such overpayment within five (5) Business Days after the 2005 Consolidated Tax Return has been filed.

Section 2.4 Tax Returns for Taxable Periods Beginning After the Separation Date.

(a) The New Viacom Entities shall be solely responsible for preparing and filing all federal Income Tax Returns relating to the New Viacom Entities for taxable periods beginning after the Separation Date. The New Viacom Entities shall be solely responsible for any Income Taxes due with respect to the New Viacom Entities attributable to any and all taxable periods (or portion thereof) beginning after the Separation Date.

(b) The CBS Entities shall be solely responsible for preparing and filing all federal Income Tax Returns relating to the CBS Entities for taxable periods beginning after the Separation Date. The CBS Entities shall be solely responsible for any Income Taxes due with respect to the CBS Entities attributable to any and all taxable periods (or portions thereof) beginning after the Separation Date.

(c) None of the New Viacom Entities nor the CBS Entities shall be obligated to CBS or New Viacom, respectively, for using any tax attributes after the Separation Date, which arose in a taxable period (or portion thereof) beginning on or before the Separation Date.

Section 2.5 Amended Returns; Refunds; Carrybacks.

(a) *Amended Returns.*

(i) Subject to Section 3.2 and acting in good faith, New Viacom shall have the right to require CBS to file, and CBS shall have the right to file, an amended Old Viacom Return for any taxable period ending on or prior to December 31, 2005 if and only if the new positions desired to be reflected on such amended Tax Return could have been reported on the original Tax Return had they been included in the original Tax Package and prepared in a manner consistent with Current Practices. CBS shall promptly file amended Tax Returns, which satisfy the requirements of the previous sentence, that are requested to be filed by New Viacom. Except as provided in the second preceding sentence, CBS shall not be permitted to file, and New Viacom shall not have the right to cause to be filed, an amended Old Viacom Return for any taxable period ending on or prior to December 31, 2005. Either party, acting in good faith, shall be entitled to extend, or cause to be extended, the applicable statute of limitations for any taxable period that includes or ends prior to the Separation Date if such extension is reasonably necessary in connection with filing an amended Old Viacom Return in accordance with this Section 2.5(a).

(ii) CBS shall have primary responsibility for preparing any amended Tax Return permitted to be amended and filed in accordance with Section 2.5(a)(i). The party requesting the filing of an amended Tax Return shall prepare and deliver a new Tax Package to CBS, which shall be prepared in a manner consistent with Current Practices. All amended Tax Returns shall be prepared in a manner consistent with the second sentence in Section 2.3(a)(ii) and shall be subject to the procedures specified in Section 2.3(a)(ii) (including third-party costs and expenses).

(b) *Refunds.* Except as provided in Section 2.5(c), any Refunds for any Pre-Separation Period shall be allocated between New Viacom and CBS in accordance with this Section 2.5(b). The Old Viacom Tax Liability, the New Viacom Adjusted Tax Liability, and CBS Adjusted Tax Liability, each for the taxable period to which the Refund relates, shall be recomputed to take into account the Refund and the underlying Income Tax items. New Viacom's share of the Refund shall be equal to the excess, if any, of the New Viacom Adjusted Tax Liability, as originally computed (or previously recomputed in accordance with this Agreement, as the case may be), over New Viacom Adjusted Tax Liability, as recomputed in accordance with this Section 2.5(b). CBS's share of the Refund shall be equal to the excess, if any, of the CBS Adjusted Tax Liability, as originally computed (or previously recomputed in accordance with this Agreement, as the case may be), over the CBS Adjusted Tax Liability, as recomputed in accordance with this Section 2.5(b). Any interest paid or payable by the IRS with respect to a Refund described in this Section 2.5(b) shall be allocated between New Viacom and CBS by determining the amount of interest that accrued on a year-by-year basis and, then, allocating each

year's accrued interest between New Viacom and CBS in the same proportion as the Refund to which such interest relates is allocated. If New Viacom or CBS receives any Refund and interest related thereto described in this Section 2.5(b) to which the other party is entitled (either in whole or in part), then New Viacom or CBS, as the case may be, shall remit to the other party that other party's share of such Refund, net of any net Income Taxes imposed on such share of the Refund and interest related thereto and of any third-party costs and expenses related thereto, within five (5) Business Days after the date such Refund is Actually Received.

(c) *Carrybacks.* If New Viacom and/or CBS incurs a net operating loss, a net capital loss or other tax attribute after the Separation Date which may be carried back (a "Carryback") to generate a Refund for the Old Viacom Group for any Pre-Separation Period, then such Refund shall be allocated in accordance with the procedure set forth in Section 2.5(b). For purposes of this Section 2.5(c), Carrybacks of tax attributes arising in earlier taxable periods shall be considered before Carrybacks of tax attributes arising in subsequent taxable periods. At the good faith request of the party desiring to carryback its tax attribute, CBS shall prepare and file the appropriate Tax Return to claim the Refund arising from the carryback. All such Tax Returns shall be prepared in a manner consistent with the second sentence in Section 2.3(a)(ii) and shall be subject to the procedures specified in Section 2.3(a)(ii). The parties shall cooperate with each other to effectuate any claim for such Refund. CBS shall (i) pay to New Viacom the amount of such Refund and interest related thereto, net of any net Income Taxes imposed on the Refund and interest related thereto (other than Post-Separation Date Interest) and of any third-party costs and expenses related thereto, to which New Viacom is entitled in accordance with this Section 2.5(c) within five (5) Business Days after the date such Refund is Actually Received, and (ii) be entitled to retain the amount of such Refund to which it is entitled in accordance with this Section 2.5(c).

ARTICLE III TAX CONTEST

Section 3.1 Tax Contest.

(a) *Control.* New Viacom and CBS shall jointly control the conduct, settlement, compromise or other resolution of any notice of deficiency, proposed adjustment, assessment, inquiry, audit, examination, or any administrative or judicial proceeding involving any matter relating to Income Taxes of the Old Viacom Group for any taxable period (or portion thereof) ending on or prior to December 31, 2005 (a "Tax Contest"); provided, however, that if the potential adverse effect (including collateral effects) on one party with respect to a particular issue raised in a Tax Contest is *de minimis*, then such party shall only have the right to participate in, and shall not share in the control of, such issue. New Viacom and CBS may provide in a side letter additional and/or alternative procedures for administering Tax Contests. New Viacom and CBS shall equally bear the cost of counsel and other advisors jointly selected to assist with matters related to issues that are jointly controlled, but shall otherwise bear their own out-of-pocket expenses incurred in connection with a Tax Contest. Where New Viacom and CBS jointly control an issue in a Tax Contest, neither party may settle that issue without the other party's consent, which consent shall not be unreasonably withheld. Where a Tax Contest is part of a larger dispute or action with the taxing authorities, the rights and obligations of the parties as set forth in this Section 3.1(a), Section 3.2 or Section 3.3 shall, to the extent practicable, only apply with respect to the specific issues raised in the Tax Contest.

(b) *Extending the Statute of Limitations.* Where control over any issue raised in a Tax Contest is shared pursuant to Section 3.1(a), then either party may, subject to Section 3.2 and acting in good faith, extend the statute of limitations for the taxable period or periods to which such issue relates, regardless of (i) whether control over other issues included in the Tax Contest is not shared or (ii) the existence of issues from tax controversies that are outside the scope of this Agreement. A party with

sole control, as determined under Section 3.1(a), over all of the issues in a Tax Contest may, subject to Section 3.2 and acting in good faith, extend the statute of limitations for the taxable period or periods to which such Tax Contest relates, regardless of the existence of issues from tax controversies that are outside the scope of this Agreement. If New Viacom decides to extend the applicable statute of limitations pursuant to this Section 3.1(b), New Viacom shall notify CBS in writing of such decision and then CBS shall take all actions necessary to extend such statute of limitations. If CBS decides to extend the applicable statute of limitations pursuant to this Section 3.1, CBS shall notify New Viacom in writing of such decision and then CBS shall be responsible for taking all actions necessary to extend such statute of limitations.

Section 3.2 Notice and Overriding Elections; Freezing Liability with Respect to a Tax Contest; Assuming Control of a Tax Contest; Correlative Adjustments.

(a) *Notice and Overriding Elections.* The party desiring to file, or cause to be filed, an amended Tax Return in accordance with Section 2.5(a)(i), effectuate a Carryback of a tax item in accordance with Section 2.5(c), or extend the applicable statute of limitations in accordance with Section 2.5(a)(i) or Section 3.1(b) (in any such case, the "Electing Party", and each such election, an "Election") shall provide the other party (the "Overriding Party") ten (10) days prior written notice of such Election, during which time the Overriding Party shall have the right to prevent such action by agreeing to make payment to, and indemnify, the Electing Party so that the Electing Party is in the same position as if the amended Tax Return had been filed, the Carryback had been made, or the applicable statute of limitations had been extended, as applicable (including, without limitation, paying the amount of any associated Refund)

(b) *Freezing Liability with Respect to a Tax Contest.* Where New Viacom or CBS wishes to accept a settlement of one or more of the issues raised in a Tax Contest (the "Settling Party") and the other party does not consent to such settlement where such consent is required pursuant to Section 3.1 (the "Non-Settling Party"), then the Settling Party may elect in writing to "freeze" its liability with respect to such issues so that its liability will equal what the Settling Party would owe if the proposed settlement were consummated after taking into account the computations described in Sections 3.2(d) and 3.3 (the "Section 3.2 Settlement Amount"). The Settling Party shall remit to the Non-Settling Party the amount of the Section 3.2 Settlement Amount within five (5) Business Days after the Section 3.2 Settlement Amount has been calculated in accordance with Sections 3.2(d) and 3.3. Where the Settling Party elects to freeze its liability pursuant to the first sentence in this Section 3.2, the Non-Settling Party shall be entitled to retain any benefit and shall bear any detriment from not accepting such settlement.

(c) *Assuming Control of a Tax Contest.* Each party shall have the right to have sole control over, and the related rights described in Section 3.1 with respect to, any issue raised in a Tax Contest if that party (i) agrees to indemnify and hold harmless the other party with respect to any liability for Income Taxes that may ultimately be owed as a result of a Resolution (as defined below) of such issue and (ii) notifies the other party in writing of its decision to exercise such right.

(d) *Correlative Adjustments.* For purposes of this Section 3.2, correlative adjustments shall be (i) taken into account at the earliest time under applicable federal Income Tax Law as in effect on the date such calculation is made, (ii) determined by assuming that no sale or other dispositions of assets shall be treated as occurring except for those sales and dispositions that have already occurred before the time that the calculation is made, and (iii) computed on a present value basis using a discount rate of %.

Section 3.3 Recalculation of the Share of Liability to Reflect Adjustments.

(a) Subject to Sections 3.2(b) and 3.2(c), New Viacom and CBS shall bear any Income Taxes owed by reason of a resolution of an issue or issues in a Tax Contest for any Pre-Separation Period (the

"Resolution") in accordance with this Section 3.3. The Old Viacom Tax Liability, the New Viacom Adjusted Tax Liability and the CBS Adjusted Tax Liability shall each, for the taxable period to which the Resolution relates, be recomputed to take into account the adjustments required by the Resolution; provided, however, that (i) any adjustment related to Certain Shared Issues shall be treated as not relating to the New Viacom Business, the New Viacom Discontinued Operations, the CBS Business or the CBS Discontinued Operations and (ii) any interest or penalties owed as part of the Resolution shall be excluded from such recomputation and shall be allocated in accordance with the last three sentences of this Section 3.3(a). Subject to the following sentence, (i) New Viacom's share of any additional Income Taxes shall be equal to the excess, if any, of the New Viacom Adjusted Tax Liability, as recomputed in accordance with this Section 3.3(a), over the New Viacom Adjusted Tax Liability, as originally computed (or previously recomputed in accordance with this Agreement, as the case may be) and (ii) CBS's share of any additional Income Taxes shall be equal to the excess, if any, of the CBS Adjusted Tax Liability, as recomputed in accordance with this Section 3.3(a), over the CBS Adjusted Tax Liability, as originally computed (or previously recomputed in accordance with this Agreement, as the case may be). The amounts described in the previous sentence shall be subject to equitable adjustment to the extent that either party receives or incurs a correlative adjustment (whether as a benefit or burden) that is disproportionate to the manner in which the liability due from the Resolution was borne. For purposes of making an equitable adjustment pursuant to the preceding sentence, the correlative adjustment (whether as a benefit or burden) at issue shall be determined in accordance with Section 3.2(d). Any interest owed as part of a Resolution (except interest on Income Tax penalties) shall be allocated between New Viacom and CBS by determining the amount of interest that accrued on a year-by-year basis and, then, allocating each year's accrued interest between New Viacom and CBS in the same proportion as the Income Tax liability to which such interest relates is allocated. Any Income Tax penalties (other than interest on such penalties, which interest shall be allocated in accordance with the following sentence) owed as part of a Resolution shall be allocated between New Viacom and CBS in the same proportion as the Income Tax liability to which such penalty relates is allocated. Any interest owed on Income Tax penalties imposed as part of a Resolution shall be allocated between New Viacom and CBS by determining the amount of interest that accrued on such penalties on a year-by-year basis and, then, allocating each year's accrued interest between New Viacom and CBS in the same proportion as such penalties to which such interest relates is allocated.

(b) If New Viacom has a payment obligation pursuant to Section 3.3(a), then New Viacom shall remit its payment to CBS two (2) Business Days before the date payment is due to the IRS under the Resolution. CBS shall timely remit to the IRS the full amount due under the Resolution and shall promptly thereafter provide New Viacom with documentation evidencing such payment.

ARTICLE IV SPIN-OFF DISQUALIFICATION AND OTHER TAXES ARISING FROM SEPARATION TRANSACTIONS

Section 4.1 Indemnification by New Viacom. The New Viacom Business Tax shall include any and all Income Taxes resulting from: (i) a Spin-Off Disqualification that is attributable to any action, or failure to take any action, by any New Viacom Entity after the Separation Date if such act or the failure to act (or the combination of any such act or failure to act after the Separation Date with an event occurring prior to the Separation Date) would be inconsistent with the Tax Opinion or the IRS Private Letter Ruling, information included in any submission to the IRS in connection with the IRS Private Letter Ruling or with any representation or covenant made by such party in connection with the Tax Opinion or (ii) any action, or failure to take any action, by any New Viacom Entity after the Separation Date if such act or the failure to act (or the combination of any such act or failure to act after the Separation Date with an event occurring prior to the Separation Date) results in the recognition of income or gain pursuant to Section 355(e) of the Code; provided, however, that this

Section 4.1 shall not apply to any liability for Income Taxes resulting from the failure of the Merger and the related distribution of New Viacom stock to satisfy the business purpose requirement of Section 355 of the Code and the Treasury regulations promulgated thereunder.

Section 4.2 Indemnification by CBS. The CBS Business Tax shall include any and all Income Taxes resulting from: (i) a Spin-Off Disqualification that is attributable to any action, or failure to take any action, by any CBS Entity after the Separation Date if such act or failure to act (or the combination of any such act or failure to act after the Separation Date with an event occurring prior to the Separation Date) would be inconsistent with the Tax Opinion or the IRS Private Letter Ruling, information included in any submission to the IRS in connection with IRS Private Letter Rulings or with any representation or covenant made by such party in connection with the Tax Opinion or (ii) any action, or failure to take any action, by any CBS Entity after the Separation Date if such act or the failure to act (or the combination of any such act or failure to act after the Separation Date with an event occurring prior to the Separation Date) results in the recognition of income or gain pursuant to Section 355(e) or 361(b) of the Code; provided, however, that this Section 4.2 shall not apply to any liability for taxes resulting from the failure of the Merger and the related distribution of New Viacom stock to satisfy the business purpose requirement of Section 355 of the Code and the Treasury regulations promulgated thereunder.

Section 4.3 Treatment of Other Income Tax Items Attributable to the Separation Transactions. For purposes of this Agreement, items of income or gain (i) to which Section 4.1 applies shall be treated as attributable to the New Viacom Business, (ii) to which Section 4.2 applies shall be treated as attributable to the CBS Business, and (iii) relating to the Separation Transactions that are not described in clauses (i) or (ii) (including without limitation, except to the extent provided in Section 4.1(ii) or 4.2(ii), items not arising from a Spin-Off Disqualification, items relating to Spin-Off Disqualification to which neither section 4.1 nor 4.2 is applicable and to any Spin-Off Disqualification described in the proviso to section 4.1 or 4.2) shall not be treated as attributable to the New Viacom Business, the New Viacom Discontinued Operations, the CBS Business or the CBS Discontinued Operations.

ARTICLE V PAYMENTS MADE UNDER THIS AGREEMENT

Section 5.1 Interest. Any payments required to be made by one party to another party pursuant to this Agreement, which is not made within the time period specified in this Agreement, shall bear interest at a rate equal to .

Section 5.2 Tax Treatment of Payments Made Under This Agreement. For all Income Tax purposes (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest), (i) New Viacom and CBS shall treat, and shall cause their respective Subsidiaries to treat, (A) any payment obligation arising, and any payment made, under this Agreement after the Separation Date with respect to Pre-Separation Liabilities as arising or occurring immediately before the Merger and (B) the portion of any payment owed or paid by one party to another party that is attributable to Post-Separation Date Interest shall be treated as interest and not treated as arising or being paid immediately before the Merger, and (ii) no New Viacom Entity or CBS Entity shall take any position inconsistent with this Section 5.2 in connection with any matter relating to Income Taxes or Income Tax Returns.

Section 5.3 Tax Effecting Obligations Under This Agreement. The amount of any payment required to be paid under this Agreement between any New Viacom Entity and any CBS Entity in respect of a Pre-Separation Liability accruing for federal Income Tax purposes after the Separation Date (a "Payment") shall be reduced to take into account any net Income Tax benefit of the payee

arising from incurring or satisfying the Pre-Separation Liability giving rise to the payment obligation. The preceding sentence shall be implemented by reducing the Payment at the time such Payment is due to reflect the amount of such net Income Tax benefit, assuming for this purpose that any such net Income Tax benefit would be fully and immediately utilized, unless such benefit is reflected in tax basis or similar item ("Tax Basis"), in which case, assuming such Tax Basis would be fully and immediately utilizable over the depreciation or amortization period, if applicable, computed on a present value basis using a discount rate of % . If such Tax Basis is not depreciable or amortizable, then the payee shall promptly refund to the payor the portion of such Payment or Payments equal to the net Income Tax benefits arising from such Tax Basis at the time such benefits are actually realized.

Section 5.4 Direct Payments to the IRS. Notwithstanding anything herein to the contrary, New Viacom may, at its sole election, remit payment in respect of its portion of any Old Viacom Tax Liability directly to the IRS, unless (i) such direct payment is not permitted under applicable federal Income Tax law or (ii) New Viacom, as the Settling Party for purposes of Section 3.2(b), elected to "freeze" its liability with respect to such portion in accordance with Section 3.2(b). CBS shall cooperate with New Viacom in making any such direct payment.

ARTICLE VI STATE, LOCAL AND FOREIGN INCOME TAXES

Section 6.1 State, Local and Foreign Income Taxes; Capital Taxes. Subject to the following four sentences, the principles of this Agreement shall apply with respect to any and all state, local or foreign Income Tax matters, as well as Capital Tax matters, of Viacom and any Subsidiary of Viacom, including, without limitation, the preparation and filing of Income Tax Returns and Tax Returns relating to Capital Taxes, paying Income Taxes and Capital Taxes, and resolving Tax Contests. With respect to state, local and foreign Income Tax Returns and Tax Returns relating to Capital Taxes required to be filed after the Separation Date for any taxable period that includes or ends before the Separation Date, (i) New Viacom shall prepare, and New Viacom or CBS as appropriate shall file, (A) those Income Tax Returns that reflect solely conduct, activities or operations related to the New Viacom Business and/or the New Viacom Discontinued Operations and (B) those Tax Returns relating to Capital Taxes that reflect solely the capital, net worth or equity relating to a New Viacom Entity, and (ii) CBS shall prepare, and New Viacom or CBS as appropriate shall file, (A) those Income Tax Returns that reflect solely conduct, activities or operations related to the CBS Business and/or the CBS Discontinued Operations and (B) those Tax Returns relating to Capital Taxes that reflect solely the capital, net worth or equity relating to a CBS Entity. New Viacom shall pay all Income Taxes and Capital Taxes due with respect to the Tax Returns described in clause (i) of the previous sentence and CBS shall pay all Income Taxes and Capital Taxes due with respect to the Tax Returns described in clause (ii) of the previous sentence. CBS shall provide New Viacom, by August 1, 2006, with a pro forma federal Income Tax Return for the 2005 calendar year for any New Viacom Entity for which New Viacom is required to file any Tax Return under this Section 6.1, provided that New Viacom has given CBS a list of such New Viacom Entities on or before 2006. For the avoidance of doubt, in applying Section 6.1 or Section 6.2, the term "IRS" shall mean the relevant state, local or foreign Governmental Authority having jurisdiction over the assessment, determination, collection, or other imposition of any Income Taxes, Capital Taxes or Transfer Taxes.

Section 6.2 Certain Transfer Taxes. The principles of this Agreement shall apply with respect to any Transfer Taxes allocated between New Viacom and CBS pursuant to Section 2.06 of the Separation Agreement, except for (i) Section 6.1 and (ii) calculating the proportion in which the liability for Income Taxes and Capital Taxes are shared pursuant to this Agreement. Liability for such Transfer Taxes shall, except as provided in Section 3.2, be shared between New Viacom and CBS in the manner set forth in Section 2.06 of the Separation Agreement.

**ARTICLE VII
DISPUTE RESOLUTION**

Procedures for discussion, negotiation and arbitration set forth in Article X of the Separation Agreement shall apply to all disputes, controversies or claims (whether arising in contract, tort or otherwise) between the parties that may arise out of or relate to, or arise under or in connection with any Agreement Disputes relating to Taxes, but the arbitrator shall be

**ARTICLE VIII
CONFIDENTIALITY; EXCHANGE OF INFORMATION**

Section 8.1 Ownership of Income Tax Information. Subject to Section 8.6, any Income Tax Information owned by a Providing Party that is provided to a Requesting Party pursuant to Section 8.4 shall be deemed to remain the property of the Providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Income Tax Information.

Section 8.2 Restrictions on Disclosure of Income Tax Information.

(a) Without limiting any rights or obligations under any other agreement between or among any member of the CBS Group and/or any member of the New Viacom Group relating to confidentiality and subject to Section 8.3, each of the parties hereto agrees that it shall not, and shall not permit any member of its Group or its Representatives to, disclose to any Person (other than such members of its Group or its or their Representatives on a "need-to-know" basis) or to use, any Income Tax Information with respect to the members or the business of the other Group ("Confidential Income Tax Information"). Such Income Tax Information shall no longer be deemed Confidential Income Tax Information to the extent that it is or was (i) in the public domain other than as a result of the breach of this Agreement or any other agreement between the parties hereto and/or any member of their respective Groups, (ii) available to the recipient outside the context of the Prior Relationship on a non-confidential basis prior to the disclosure of such Confidential Income Tax Information by the other party, (iii) independently developed by, or on behalf of, such party by Persons who do not have access to, or descriptions of, such Confidential Income Tax Information, or (iv) mutually agreed to by the parties in writing. Notwithstanding anything to the contrary in this Section 8.2(a), any member of either Group may disclose or use Confidential Income Tax Information in connection with preparing and filing Tax Returns or in connection with any Tax Contest.

(b) Each of the parties hereto shall maintain, and shall cause the members of its respective Group to maintain and develop, policies and procedures as shall from time to time become necessary or appropriate to ensure compliance with this Section 8.2.

Section 8.3 Disclosure of Income Tax Information. If either CBS or New Viacom or any member of their respective Groups or its or their respective Representatives becomes legally required to disclose any Confidential Income Tax Information (other than in connection with the preparation or filing of Tax Returns or with any Tax Contests), such disclosing party shall promptly notify New Viacom or CBS, as the case may be (the "Owning Party"), and shall use all commercially reasonable efforts to cooperate with the Owning Party so that the Owning Party may seek a protective order or other appropriate remedy and/or waive compliance with this Section 8.3. All expenses reasonably incurred by the disclosing party in seeking a protective order or other remedy shall be borne by [the parties equally] [the Owning Party]. If such protective order or other remedy is not obtained, or if the Owning Party waives compliance with this Section 8.3, the disclosing party shall (a) disclose only that portion of the Confidential Income Tax Information it is required by Law to disclose, (b) use all commercially reasonable efforts to obtain reliable assurances requested by the Owning Party that confidential treatment will be accorded such Confidential Income Tax Information and (c) promptly provide the Owning Party with a copy of the Confidential Income Tax Information so disclosed, in the same form and format so disclosed, together with the identity of all Persons to whom such Confidential Income Tax Information was disclosed.

Section 8.4 Access to Income Tax Information.

(a) Subject to paragraph (c) below, during the Retention Period, at the request of either of the parties hereto (the "Requesting Party"), the other party hereto (the "Providing Party") shall, and shall cause the members of its Group or its or their respective Representatives, successors and assignees, and shall use commercially reasonable efforts to cause joint ventures to which they are a party but that are not members of their respective Group (collectively, "Related Parties") to cooperate with and afford to the Requesting Party and its Representatives, upon reasonable advance written request, reasonable access to all Income Tax Information within the possession of the Providing Party or any Related Party (other than Income Tax Information (i) the disclosure of which would have the effect of waiving a legal privilege, or (ii) created after the Separation Date that is the subject of a confidentiality agreement between the Providing Party and a third party which prohibits disclosure to the Requesting Party, provided that the Providing Party shall use all commercially reasonable efforts to obtain such third party's consent to disclosure of such Income Tax Information).

(b) Subject to paragraph (c) below, each party agrees to cooperate fully, and to cause Related Parties to cooperate fully, to allow access during normal business hours and upon reasonable notice to each other's employees (i) to the extent that they are reasonably necessary to discuss and explain requested Income Tax Information with and to the Requesting Party and (ii) with respect to matter relating to Income Taxes or Income Tax Returns (including, without limitation, any Tax Contests or any other action or proceeding relating to Income Taxes for any taxable period beginning after December 31, 2005); provided, however, that such access shall not unreasonably interfere with any employee's performance of his or her employment duties.

(c) With respect to subsections (a) and (b) of this Section 8.4, access to the requested Income Tax Information shall be provided to the extent (i) permitted by Section 8.8 and (ii) access is reasonably required by the Requesting Party for any Income Tax purpose (including, without limitation, preparing and filing any Tax Return or engaging in any Tax Contest).

Section 8.5 Record Retention.

(a) Each of CBS and New Viacom shall, and shall cause the members of their respective Group to, preserve and keep their Retained Records relating to any Income Tax matters for any and all Pre-Separation Periods in their possession, whether in electronic form or otherwise, until one year after the expiration of the applicable statute of limitations (the "Retention Period"). The costs of storing the Retained Records shall be shared equally between New Viacom and CBS. The Requesting Party shall be responsible for any and all costs related to the retrieval of any Retained Records. Prior to disposing of any material Retained Records regarding Income Tax matters for any Pre-Separation Period, each of CBS and New Viacom and the members of their respective Groups shall notify the other party in writing of such intention and afford the other party the opportunity, at its discretion, to take possession or request copies of those Retained Records that relate to such other party's Income Tax liabilities and obligations. Any Retained Records that are delivered (by transfer of the original or copy of the Retained Records) to a party pursuant to the previous sentence shall be treated as Confidential Income Tax Information to the extent such Retained Records qualified as Confidential Income Tax Information immediately prior to the transfer.

(b) Each of the parties hereto shall, and shall cause the members of its respective Group to, deliver to the other party on or prior to the Separation Date (i) any and all Income Tax Information (including Retained Records relating to Income Tax matters for any and all Pre-Separation Periods) that such party or any member of its Group has in its possession relating to the other party's business or discontinued operations, provided, however, the party providing such Retained Records may retain copies only to the extent they relate to the Providing Party's business or discontinued operation. It is

the intent of the parties hereto that no member of any Group retain copies of any Retained Records that relate exclusively to the Business of the other Group.

Section 8.6 Income Tax Information Relating to Non-Income Taxes. This Article V shall not apply to Information related to non-Income Taxes, which shall instead be governed by the Separation Agreement.

Section 8.7 Witness Services. At all times from and after the Separation Date, each of CBS and New Viacom shall use its commercially reasonable efforts to make available to the other, upon reasonable written request, its and its Subsidiaries' officers, directors, employees and agents as witnesses to the extent that (a) such persons may reasonably be required in connection with the prosecution or defense of any demand or Action relating to Income Taxes in which either CBS or New Viacom or the members of their respective Group may from time to time be involved and (ii) there is no conflict in the demand or Action between the requesting party and the other party hereto. A party providing witness services to the other party under this Section 8.7 shall be entitled to receive from the recipient of such services, upon the presentation of reasonably detailed invoices therefor, payments for such amounts, relating to disbursements and other out-of-pocket expenses (which shall be deemed to exclude the costs of salaries and benefits of employees who are witnesses), as may be reasonably incurred in providing such witness services.

Section 8.8 Privileged Matters. CBS and New Viacom recognize that legal and other professional services relating to Income Tax matters that have been provided prior to the Separation Date have been rendered for the benefit of each of Viacom, the members of the CBS Group and the members of the New Viacom Group, and that each of Viacom, the members of the CBS Group and the members of the New Viacom Group should be deemed to be the client for the purposes of asserting all privileges which may be asserted under applicable Law. Subject to paragraphs (a) through (h) of this Section 8.8, CBS and New Viacom agree to maintain their respective separate and joint privileges, including by executing common interest agreements where necessary or useful for this purpose. To allocate the interests of each party in the information as to which any party is entitled to assert a privilege, the parties agree as follows:

(a) CBS shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Income Tax Information which relates to the CBS Business or to the CBS Discontinued Operations and not to the New Viacom Business or the New Viacom Discontinued Operations, whether or not the privileged information is in the possession of or under the control of members of the CBS Group or the New Viacom Group. CBS shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Income Tax Information which relates to the subject matter of any pending or future demand or Action relating to Income Taxes for which CBS may be responsible under this Agreement or otherwise, whether or not the privileged Income Tax Information is in the possession of or under the control of members of the CBS Group or the New Viacom Group.

(b) New Viacom shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Income Tax Information which relates to the New Viacom Business or to the New Viacom Discontinued Operations and not to the CBS Business or the CBS Discontinued Operations, whether or not the privileged information is in the possession of or under the control of members of the CBS Group or the New Viacom Group. New Viacom shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Income Tax Information which relates to the subject matter of any pending or future demand or Action relating to Income Taxes for which New Viacom may be responsible under this Agreement or otherwise, whether or not the privileged Income Tax Information is in the possession of or under the control of members of the CBS Group or the New Viacom Group.

(c) The parties hereto agree that they shall have a shared privilege, with equal right to assert, subject to the restrictions in this Section 8.8, with respect to all privileges relating to Income Tax Information not allocated pursuant to the terms of Section 8.8(a) or (b). All privileges relating to any Tax Contest or other matters which involve members of both the CBS Group and the New Viacom Group in respect of which both parties retain any responsibility or Liability under this Agreement relating to Income Taxes shall be subject to a shared privilege among them.

(d) No party hereto may waive any privilege which could be asserted under any applicable Law, and in which the other party hereto has a shared privilege, without the consent of the other party, except to the extent reasonably required in connection with any demand or Action with any taxing authority or as provided in subsection (e) below. Consent shall be in writing, or shall be deemed to be granted unless written objection is made within [twenty (20)] days after written notice upon the other party requesting such consent.

(e) In the event of any litigation or dispute between or among the members of the New Viacom Group, on the one hand, and the members of the CBS Group, on the other hand, either such party may waive a privilege in which the other party has a shared privilege, without obtaining the consent of the other party; provided, however, that such waiver of a shared privilege shall be effective only as to the use of information with respect to the litigation or dispute between the members of the New Viacom Group, on the one hand, and the members of the CBS Group, on the other hand, and shall not operate as a waiver of the shared privilege with respect to third parties.

(f) If a dispute arises between or among the members of the New Viacom Group, on the one hand, and the members of the CBS Group, on the other hand, regarding whether a privilege should be waived to protect or advance the interest of any party, each party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to the rights of the other parties, and shall not unreasonably withhold consent to any request for waiver by another party. Each party hereto specifically agrees that it will not withhold consent to waiver for any purpose except to protect its own legitimate interests.

(g) Upon receipt by any party hereto or by any Subsidiary thereof of any subpoena, discovery or other request which arguably calls for the production or disclosure of Income Tax Information subject to a shared privilege or as to which another party has the sole right hereunder to assert a privilege, or if any party obtains knowledge that any of its or any of its Subsidiaries' current or former directors, officers, agents or employees have received any subpoena, discovery or other requests which arguably call for the production or disclosure of such privileged information, such party shall promptly notify the other party or parties of the existence of the request and shall provide the other party or parties a reasonable opportunity to review the information and to assert any rights it or they may have under this Section 8.8 or otherwise to prevent the production or disclosure of such privileged information.

(h) The transfer of all Retained Records and other Income Tax Information pursuant to this Agreement is made in reliance on the agreement of CBS and New Viacom, as set forth in Section 8.2 and this Section 8.8, to maintain the confidentiality of privileged information and to assert and maintain all applicable privileges. The access to information being granted pursuant to Sections 8.3 and 8.4 hereof, the agreement to provide witnesses pursuant to Section 8.7 hereof, the furnishing of notices and documents and other cooperative efforts contemplated by this Agreement, and the transfer of privileged information between and among the parties and their respective Subsidiaries pursuant to this Agreement shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

**ARTICLE IX
MISCELLANEOUS**

Section 9.1 Termination. This Agreement may only be terminated by the written agreement of the parties hereto. In the event of termination of this Agreement as provided in this Section 9.1, this Agreement shall forthwith become void and there shall be no liability on the part of either party hereto.

Section 9.2 Limitation of Liability. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, IN NO EVENT SHALL ANY NEW VIACOM ENTITY OR CBS ENTITY BE LIABLE TO ANY CBS ENTITY OR NEW VIACOM ENTITY, RESPECTIVELY, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Section 9.3 Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated by this Agreement, to the extent they are incurred prior to the Separation Date, shall be borne by CBS and New Viacom equally, and to the extent they are incurred subsequent to the Separation Date, shall be borne by the party incurring such costs and expenses.

Section 9.4 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 9.5 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, by facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.5):

If to CBS, to:

[Address]

Attn: General Counsel
VP General Tax Counsel

If to New Viacom, to:

[Address]

Attn: Vice President and General Tax Counsel

Section 9.6 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to either party hereto. Upon such determination that any term or other provision is invalid,

illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the greatest extent possible.

Section 9.7 Entire Agreement. This Agreement and any side letter described in Section 3.1(a) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and undertakings, both written and oral, between the parties hereto with respect to the subject matter hereof and thereof.

Section 9.8 Assignment. This Agreement may not be assigned by operation of Law or otherwise without the express written consent of the other parties hereto (which consent may be granted or withheld in the sole discretion of such parties), as the case may be.

Section 9.9 Amendments. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the parties hereto or (b) by a waiver in accordance with Section 9.10.

Section 9.10 Waiver. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto or (c) waive compliance with any of the agreements of the other party or conditions to such party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of either party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

Section 9.11 No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

Section 9.12 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York. [All Actions arising out of or relating to this Agreement shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of The City of New York, provided, however, that if such federal court does not have jurisdiction over such Action, such Action shall be heard and determined exclusively in any New York state court sitting in the Borough of Manhattan of The City of New York. Consistent with the preceding sentence, the parties hereto hereby (a) submit to the exclusive jurisdiction of any federal or state court sitting in the Borough of Manhattan of The City of New York for the purpose of any Action arising out of or relating to this Agreement brought by any party hereto and (b) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the Action is brought in an inconvenient forum, that the venue of the Action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts.]

Section 9.13 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE

TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.13.

Section 9.14 Survival of Covenants. Except as expressly set forth in any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and liability for the breach of any obligations contained herein or therein, shall survive the Separation and shall remain in full force and effect.

Section 9.15 Headings. The headings in the Agreement are for convenience only and shall not be deemed for any purpose to constitute a part or to affect the interpretation of the Agreement.

Section 9.16 Termination. The Agreement shall remain in force and be binding so long as the applicable period of assessments (including extensions) remains unexpired for any Income Taxes contemplated by the Agreement.

Section 9.17 Successor Provisions. Any reference herein to any provisions of the Code or Treasury Regulations shall be deemed to include any amendments or successor provisions thereto as appropriate.

Section 9.18 Compliance by Subsidiaries. New Viacom and CBS each agrees to cause all of the New Viacom Subsidiaries and the CBS Subsidiaries, respectively, including predecessors and successors to such entities, to comply with the terms of this Agreement.

Section 9.19 Successors. The Agreement shall be binding upon and inure to the benefit of any successor to any of the parties, by merger, acquisition of assets or otherwise, to the same extent as if the successor had been an original party to the Agreement.

Edgar Filing: VIACOM INC - Form S-4/A

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by its duly authorized officer as of the date first set forth above.

VIACOM INC.,
a Delaware corporation

By: _____

Name:
Title:

NEW VIACOM CORP.,
a Delaware corporation

By: _____

Name:
Title:

C-21

PART II

Item 20. Indemnification and Limitation of Liability for Officers and Directors

Each Registrant is incorporated in the State of Delaware. Section 102(b)(7) of the Delaware General Corporation Law allows a corporation to include in its certificate of incorporation a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except in cases where the director breached his duty of loyalty to the corporation or its stockholders, failed to act in good faith, engaged in intentional misconduct or a knowing violation of the law, willfully or negligently authorized the unlawful payment of a dividend or approved an unlawful stock redemption or repurchase or obtained an improper personal benefit. Each Registrant's certificate of incorporation contains provisions that eliminate directors' personal liability, in certain circumstances.

Pursuant to each Registrant's certificate of incorporation and bylaws, each 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, officer or employee of a Registrant, or is or was serving at the request of a Registrant as a director, officer or employee (including trustee) of another corporation, partnership, joint venture, trust or other enterprise, to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees), actually and reasonably incurred by him in connection with such action, suit or proceeding. Notwithstanding the foregoing, except with respect to proceedings to enforce rights to indemnification and advancement of expenses, the applicable Registrant shall indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee, if and only if the board of directors of such Registrant authorized the bringing of the action, suit or proceeding (or part thereof) in advance of the commencement of the proceeding.

Pursuant to each Registrant's certificate of incorporation and bylaws, to the extent that a present or former director, officer or employee of a Registrant has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by that person in connection therewith. The indemnification and advancement of expenses provided by, or granted pursuant to, the indemnification provisions of each Registrant's certificate of incorporation and bylaws 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 that person's official capacity and as to action in another capacity while holding such office. Without limiting the foregoing, a Registrant is authorized to enter into an agreement with any director, officer or employee of such Registrant providing indemnification for such person against expenses, including 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 any action by or in the right of such Registrant, that arises by reason of the fact that such person is or was a director, officer or employee of such Registrant, or is or was serving at the request of such Registrant as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, to the full extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

Each Registrant may purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of such Registrant, or is or was serving at the request of such Registrant as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising

out of his status as such, whether or not such Registrant would have the power to indemnify him against such liability under the provisions of such Registrant's certificate of incorporation.

Following the separation, each Registrant intends to carry liability insurance for its officers and directors.

Item 21. Exhibits and Financial Statement Schedules

- (a) Exhibits.

See the Exhibit Index.
- (b) Financial Statement Schedules.
None.
- (c) Reports, Opinions and Appraisals.
None.

Item 22. Undertakings

Each undersigned Registrant hereby undertakes:

- (a) That, for purposes of determining any liability under the Securities Act of 1933, as amended, each filing of each Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (and, where applicable, each filing of any employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended), that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of each Registrant pursuant to the foregoing provisions, or otherwise, each of the undersigned Registrants has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- (c) To respond to requests for information that is incorporated by reference into the Prospectus-Information Statement pursuant to Items 4, 10(b), 11 and 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the Registration Statement through the date of responding to the request.
- (d) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the Registration Statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on November 23, 2005.

VIACOM INC.
(Registrant)

By: /s/ SUMNER M. REDSTONE

Name: Sumner M. Redstone
Title: Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ SUMNER M. REDSTONE	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	November 23, 2005
Sumner M. Redstone		
/s/ MICHAEL J. DOLAN	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	November 23, 2005
Michael J. Dolan		
/s/ SUSAN C. GORDON	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	November 23, 2005
Susan C. Gordon		
*		
George S. Abrams	Director	November 23, 2005
*		
David R. Andelman	Director	November 23, 2005
*		
Joseph A. Califano, Jr.	Director	November 23, 2005
*		
William S. Cohen	Director	November 23, 2005

Edgar Filing: VIACOM INC - Form S-4/A

*

Philippe P. Dauman

Director

November 23, 2005

*

Alan C. Greenberg

Director

November 23, 2005

*

Charles E. Phillips, Jr.

Director

November 23, 2005

*

Shari Redstone

Vice Chairman of the Board

November 23, 2005

*

Frederic V. Salerno

Director

November 23, 2005

*

William Schwartz

Director

November 23, 2005

*

Robert D. Walter

Director

November 23, 2005

*By: /s/ MICHAEL D. FRICKLAS

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

November 23, 2005

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on November 23, 2005.

NEW VIACOM CORP.
(Registrant)

By: /s/ SUMNER M. REDSTONE

Name: Sumner M. Redstone
Title: Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ SUMNER M. REDSTONE <hr/> Sumner M. Redstone	Chairman of the Board	November 23, 2005
/s/ THOMAS E. FRESTON <hr/> Thomas E. Freston	President and Chief Executive Officer Director (Principal Executive Officer)	November 23, 2005
/s/ MICHAEL J. DOLAN <hr/> Michael J. Dolan	Executive Vice President and Chief Financial Officer Director (Principal Financial Officer and Principal Accounting Officer)	November 23, 2005
/s/ MICHAEL D. FRICKLAS <hr/> Michael D. Fricklas	Executive Vice President, General Counsel and Secretary Director	November 23, 2005

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2.1*	Agreement and Plan of Merger, dated as of November 21, 2005, among Viacom, New Viacom and Merger Sub (attached as Annex A to the Prospectus-Information Statement that is a part of this Registration Statement).
2.2*	Form of Separation Agreement (attached as Annex B to the Prospectus-Information Statement that is a part of this Registration Statement).
3.1	Amended and Restated Certificate of Incorporation of Viacom Inc., effective December 9, 2004 (incorporated by reference to Exhibit 3(a) to the Annual Report on Form 10-K of Viacom Inc., filed March 16, 2005 (File No. 001-09553).
3.2	Amended and Restated Bylaws of Viacom Inc., adopted June 1, 2004 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Viacom Inc., filed June 1, 2004 (File No. 001-09553).
3.3*	Form of Amended and Restated Certificate of Incorporation of Viacom Inc. (then to be named "CBS Corporation") following the separation.
3.4*	Form of Amended and Restated Bylaws of Viacom Inc. (then to be named "CBS Corporation") following the separation.
3.5.1*	Amended and Restated Certificate of Incorporation of New Viacom Corp.
3.5.2*	Form of Amended and Restated Certificate of Incorporation of New Viacom Corp. (then to be named "Viacom Inc.") following the separation.
3.6.1*	Amended and Restated Bylaws of New Viacom Corp.
3.6.2*	Form of Amended and Restated Bylaws of New Viacom Corp. (then to be named "Viacom Inc.") following the separation.
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.
5.1*	Opinion of Viacom Inc. as to the validity of the securities being offered.
5.2*	Opinion of New Viacom Corp. as to the validity of the securities being offered.
8.1*	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP as to tax matters.
10.1*	Form of Tax Matters Agreement (attached as Annex C to the Prospectus-Information Statement that is a part of this Registration Statement).
10.2	Viacom Inc. 1994 Long-Term Management Incentive Plan (as amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(b) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
10.3.1	Viacom Inc. 1997 Long-Term Management Incentive Plan (as amended and restated through May 25, 2000) (incorporated by reference to Exhibit B to Viacom Inc.'s Proxy Statement dated June 5, 2000) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).

Edgar Filing: VIACOM INC - Form S-4/A

- 10.3.2 Form of Agreement for Stock Options granted under the 1997 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed March 14, 2005) (File No. 001-09553).
- 10.3.3 Form of Notice to Executive Officers regarding Acceleration of Vesting of "Underwater" Options (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Viacom Inc. filed March 14, 2005) (File No. 001-09553).
- 10.4.1 Viacom Inc. 2000 Long-Term Management Incentive Plan (as amended and restated through January 31, 2001) (incorporated by reference to Exhibit 10(d) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2001) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
- 10.4.2 Form of Certificate and Terms and Conditions for Stock Options granted under the 2000 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Viacom Inc. filed March 14, 2005) (File No. 001-09553).
- 10.4.3 Form of Notice to Executive Officers regarding Acceleration of Vesting of "Underwater" Options (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Viacom Inc. filed March 14, 2005) (File No. 001-09553).
- 10.5.1 Viacom Inc. 2004 Long-Term Management Incentive Plan (incorporated by reference to Annex B to Viacom Inc.'s Proxy Statement dated April 15, 2004) (File No. 001-09553).
- 10.5.2 Form of Certificate and Terms and Conditions for Stock Options under the Viacom Inc. 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Viacom Inc. filed February 1, 2005) (File No. 001-09553).
- 10.5.3 Form of Certificate and Terms and Conditions for the Performance-Based Restricted Share Units under the Viacom Inc. 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed February 1, 2005) (File No. 001-09553).
- 10.5.4 Form of Certificate and Terms and Conditions for the Performance-Based Restricted Share Units with Time Vesting under the Viacom Inc. 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Viacom Inc. filed February 1, 2005) (File No. 001-09553).
- 10.5.5 Form of Deferral Elections for Performance-Based Restricted Share Units under the Viacom Inc. 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Viacom Inc. filed February 1, 2005) (File No. 001-09553).
- 10.5.6 Form of Deferral Elections for Performance-Based Restricted Share Units with Time Vesting under the Viacom Inc. 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of Viacom Inc. filed February 1, 2005) (File No. 001-09553).
- 10.6 Viacom Inc. Senior Executive Short-Term Incentive Plan (as amended and restated as of January 1, 2005) (incorporated by reference to Annex B to Viacom Inc.'s Proxy Statement dated April 15, 2005) (File No. 001-09553).
- 10.7 Summary of Viacom Inc. Compensation for Outside Directors (incorporated by reference to Exhibit 10(g) to the Quarterly Report on Form 10-Q of Viacom Inc., filed August 5, 2005) (File No. 001-09553).

Edgar Filing: VIACOM INC - Form S-4/A

- 10.8* Viacom Inc. Deferred Compensation Plan for Outside Directors (effective January 1, 2005).
- 10.9 Viacom Inc. Retirement Income Plan for Non-Employee Directors (as amended and restated as of October 14, 2003) (incorporated by reference to Exhibit 10(f) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2003) (File No. 001-09553).
- 10.10 Viacom Inc. Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1993) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
- 10.11 Viacom Inc. 1994 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit B to Viacom Inc.'s Proxy Statement dated April 28, 1995) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
- 10.12.1 Viacom Inc. 2000 Stock Option Plan for Outside Directors (as amended and restated as of June 14, 2005) (incorporated by reference to Exhibit 10(h) to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2005) (File No. 001-09553).
- 10.12.2 Form of Stock Option Certificate for stock option grants under the Viacom Inc. 2000 Stock Option Plan for Outside Directors (initial grant form) (incorporated by reference to Exhibit 10(h) to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2005) (File No. 001-09533).
- 10.12.3 Form of Stock Option Certificate for stock option grants under the Viacom Inc. 2000 Stock Option Plan for Outside Directors (annual grant form) (incorporated by reference to Exhibit 10(h) to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2005) (File No. 001-09533).
- 10.13 Amendment to Viacom Stock Option Plans referred to above in Exhibits 10.2 through 10.4.2, 10.10 and 10.11 (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
- 10.14 Viacom Inc. 2005 RSU Plan for Outside Directors (as amended and restated as of June 14, 2005) (incorporated by reference to Exhibit 10(j) to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2005) (File No. 001-09553).
- 10.15 Viacom Excess 401(k) Plan (Effective April 1, 1984, Restated as of December 1, 1999, amended effective January 1, 2002 and August 28, 2002) (incorporated by reference to Exhibit 10(j) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2003) (File No. 001-09553).
- 10.16 Viacom Excess Pension Plan restated as of January 1, 2003 (as amended October 27, 2003) (incorporated by reference to Exhibit 10(k) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2003) (File No. 001-09553).
- 10.17 Viacom Excess 401(k) Plan for Designated Senior Executives (as amended October 27, 2003) (incorporated by reference to Exhibit 10(l) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2003) (File No. 001-09553).
- 10.18 Viacom Bonus Deferral Plan for Designated Senior Executives (as amended October 27, 2003) incorporated by reference to Exhibit 10(m) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2003) File No. 001-09553).

Edgar Filing: VIACOM INC - Form S-4/A

- 10.19 Employment Agreement, dated July 1, 2004, between Viacom Inc. and Sumner M. Redstone (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed July 22, 2004) (File No. 001-09553).
- 10.20 Employment Agreement, dated July 1, 2004, between Viacom Inc. and Leslie Moonves (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Viacom Inc. filed July 22, 2004) (File No. 001-09553), as amended by a Letter Agreement dated June 14, 2005 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Viacom Inc. filed June 14, 2005) (File No. 001-09553).
- 10.21* Employment Agreement, dated September 6, 2005, between Viacom Inc. and Louis J. Briskman.
- 10.22* Employment Agreement, dated March 1, 2001, between Viacom Inc. and Susan C. Gordon, as amended by a Letter Agreement dated as of March 1, 2001, as amended by a Letter Agreement dated as of March 16, 2001, as amended by a Letter Agreement dated as of May 1, 2004.
- 10.23* Employment Agreement, dated August 15, 2005, between Viacom Inc. and Fredric G. Reynolds.
- 10.24 Former CBS Corporation ("CBS") plans assumed by Viacom Inc. after the merger with CBS, consisting of the following:
 - 10.24.1 CBS 1991 Long-Term Incentive Plan (as amended as of July 28, 1999) (incorporated by reference to Exhibit 10.15 to the Quarterly Report on Form 10-Q of Infinity Broadcasting Corporation for the quarter ended September 30, 1999) (File No. 001-14599).
 - 10.24.2 CBS 1993 Long-Term Incentive Plan (as amended as of July 28, 1999) (incorporated by reference to Exhibit 10.16 to the Quarterly Report on Form 10-Q of Infinity Broadcasting Corporation for the quarter ended September 30, 1999) (File No. 001-14599).
 - 10.24.3 CBS Supplemental Executive Retirement Plan (as amended as of April 1, 1999) (incorporated by reference to Exhibit 10(h) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 001-00977).
 - 10.24.4 CBS Bonus Supplemental Executive Retirement Plan (as amended as of April 1, 1999) (incorporated by reference to Exhibit 10(i) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 001-00977).
 - 10.24.5 CBS Supplemental Employee Investment Fund (as amended as of January 1, 1998 (incorporated by reference to Exhibit 10(j) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 001-00977).
 - 10.24.6 Director's Charitable Giving Program (as amended effective April 30, 1996) (incorporated by reference to Exhibit 10(g) to the Quarterly Report on Form 10-Q of CBS (f/k/a Westinghouse Electric Corporation) for the quarter ended June 30, 1996) (File No. 001-00977).
 - 10.24.7 CBS Deferred Compensation and Stock Plan for Directors (as amended as of February 24, 2000) (incorporated by reference to Exhibit 10(y)(ix) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000) (File No. 001-09553).
 - 10.24.8 Advisory Director's Plan Termination Fee Deferral Terms and Conditions, Effective April 30, 1996 (As Revised Effective February 24, 2000) (incorporated by reference to Exhibit 10(y)(x) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000) (File No. 001-09553).

Edgar Filing: VIACOM INC - Form S-4/A

- 10.25 Infinity Broadcasting Corporation ("Infinity") Stock Plan for Directors assumed by Viacom Inc. after the merger with Infinity (Effective as of February 24, 2000) (incorporated by reference to Exhibit 10(aa)(ii) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
- 10.26 Five-Year Credit Agreement, dated as of March 7, 2001, among Viacom Inc.; Viacom International Inc.; the Subsidiary Borrowers Parties thereto; the Lenders named therein; The Chase Manhattan Bank, as Administrative Agent; Salomon Smith Barney Inc., as Syndication Agent; and Bank of America, N.A. and Fleet National Bank, as Co-Documentation Agents (incorporated by reference to Exhibit 10(cc) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000), as amended by Amendment No. 1 to Five-Year Credit Agreement dated as of March 5, 2002 (incorporated by reference to Exhibit 10(aa) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2001) (File No. 001-09553), Amendment No. 2 to the Five-Year Credit Agreement dated as of February 28, 2003 (incorporated by reference to Exhibit 10(ee) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553), Amendment No. 3 to the Five-Year Credit Agreement dated as of February 19, 2004 (incorporated by reference to Exhibit 10(y) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2003) (File No. 001-09553) and Amendment No. 4 to the Five-Year Credit Agreement, dated as of May 12, 2005 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Viacom Inc. filed May 18, 2005) (File No. 001-09553).
- 10.27 Five-Year Credit Agreement, dated as of February 19, 2004, among Viacom Inc., Viacom International Inc., the Subsidiary Borrowers Parties thereto, the Lenders named therein, JPMorgan Chase Bank, as Administrative Agent, Citibank, N.A., as Co-Syndication Agent and Bank of America, N.A., Deutsche Bank Securities, Inc., and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as Co-Documentation Agents (incorporated by reference to Exhibit 10(z) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2003) (File No. 001-09553), as amended by Amendment No. 1 to Five-Year Credit Agreement dated as of May 12, 2005 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Viacom Inc. filed May 18, 2005) (File No. 001-09553).
- 10.28 \$2,500,000,000 18-Month Credit Agreement, dated as of May 12, 2005, among Viacom Inc., Viacom International Inc., the Subsidiary Borrowers Parties thereto, 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 10.1 to the Current Report on Form 8-K of Viacom Inc. filed May 18, 2005) (File No. 001-09553).
- 10.29 Agreement among Viacom Inc., NAIRI, Inc. and National Amusements, Inc. dated as of October 28, 2004 (incorporated by reference to Exhibit 10(a) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 2004) (File No. 001-09553).
- 10.30 Employment Agreement, dated July 1, 2004, between Viacom Inc. and Thomas E. Freston (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Viacom Inc. 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 Viacom Inc. filed June 14, 2005) (File No. 001-09553).
- 10.31* Employment Agreement, dated August 1, 2004, between Viacom Inc. and Robert M. Bakish.

Edgar Filing: VIACOM INC - Form S-4/A

- 10.32 Employment Agreement, dated May 2, 2005, between Viacom Inc. and Michael J. Dolan (incorporated by reference to the Current Report on Form 8-K of Viacom Inc. filed on May 3, 2005) (File No. 001-09553).
- 10.33 Agreement, dated as of May 1, 2000, between Viacom Inc. and Michael D. Fricklas (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 2000), as amended by Agreement dated April 1, 2003 (incorporated by reference to Exhibit 10(a) to the Quarterly Report of Viacom Inc. for the quarter ended March 31, 2003) (File No. 001-09553) and by Letter Agreement dated April 12, 2005 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed April 15, 2005) (File No. 001-09553).
- 10.34 Service Agreement, dated as of March 1, 1994, between George S. Abrams and Viacom Inc. (incorporated by reference to Exhibit 10(q) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1994) (File No. 001-09553).
- 10.35* Summary of New Viacom Corp. Compensation for Outside Directors.
- 10.36* New Viacom Corp. 2006 Stock Option Plan for Outside Directors.
- 10.37* New Viacom Corp. 2006 RSU Plan for Outside Directors.
- 10.38* New Viacom Corp. Senior Executive Short-Term Incentive Plan.
- 10.39* New Viacom Corp. Deferred Compensation Plan for Outside Directors.
- 10.40* New Viacom Corp. 2006 Long-Term Management Incentive Plan.
- 21.1* Subsidiaries of Viacom Inc. following the separation.
- 21.2* Subsidiaries of New Viacom Corp. following the separation.
- 23.1* Consent of Paul, Weiss, Rifkind, Wharton & Garrison LLP (included in Exhibit 8.1).
- 23.2* Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm for Viacom Inc. and New Viacom Corp.
- 23.3* Consent of Michael D. Fricklas (included in Exhibit 5.1).
- 23.4* Consent of Michael D. Fricklas (included in Exhibit 5.2).
- 24.1** Viacom Inc. Powers of Attorney.
- 99.1** Consents of Leslie Moonves and Thomas E. Freston.
- 99.2* Consents of Thomas E. Dooley, Ellen V. Futter, Charles K. Gifford, Bruce S. Gordon, Robert K. Kraft, Ann N. Reese and Judith A. Sprieser.

*
Filed herewith.

**
Previously filed.