SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2005

OR

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

For the transition period from to

Commission File Number 001-09553

VIACOM INC.

(Exact name of registrant as specified in its charter)

Delaware	**04-2949533**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1515 Broadway, New York, New York	**10036**
(Address of principal executive offices)	(Zip Code)

(212) 258-6000

Registrant's telephone number, including area code

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

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

Number of shares of common stock outstanding at July 29, 2005:

Class A Common Stock, par value $.01 per share — 131,486,804

Cass B Common Stock, par value $.01 per share — 1,453,814,149

VIACOM INC.
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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues	$ 5,876.1	$ 5,354.0	$ 11,378.6	$ 10,572.5
Expenses:				
Operating	3,145.5	2,672.6	6,238.4	5,760.8
Selling, general and administrative	1,121.2	1,114.6	2,205.4	1,999.5
Depreciation and amortization	182.7	193.8	365.3	375.3
Total expenses	4,449.4	3,981.0	8,809.1	8,135.6
Operating income	1,426.7	1,373.0	2,569.5	2,436.9
Interest expense	(181.8)	(178.4)	(363.2)	(357.9)
Interest income	5.6	3.0	9.1	7.6
Other items, net	(20.4)	31.5	13.7	20.9
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	1,230.1	1,229.1	2,229.1	2,107.5
Provision for income taxes	(474.6)	(502.6)	(881.0)	(753.0)
Equity in earnings (loss) of affiliated companies, net of tax	7.6	(8.4)	13.5	(10.5)
Minority interest, net of tax	(.9)	(.9)	(2.4)	(2.1)
Net earnings from continuing operations	762.2	717.2	1,359.2	1,341.9
Net earnings (loss) from discontinued operations	(8.4)	36.6	(20.4)	122.4
Net earnings	$ 753.8	$ 753.8	$ 1,338.8	$ 1,464.3
Basic earnings per common share:				
Net earnings from continuing operations	$ .48	$ .42	$ .84	$ .78
Net earnings (loss) from discontinued operations	$ (.01)	$ .02	$ (.01)	$ .07
Net earnings	$ .47	$ .44	$ .83	$ .85
Diluted earnings per common share:				
Net earnings from continuing operations	$ .47	$ .41	$ .84	$ .77
Net earnings (loss) from discontinued operations	$ (.01)	$ .02	$ (.01)	$ .07
Net earnings	$ .47	$ .43	$ .83	$ .84
Weighted average number of common shares outstanding:				
Basic	1,600.2	1,724.3	1,612.5	1,727.6
Diluted	1,609.0	1,736.0	1,622.1	1,740.3
Dividends per common share	$ ..07	$ ..06	$ ..14	$ ..12

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

	At June 30, 2005	At December 31, 2004
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 666.4	$ 927.1
Receivables, less allowances of $286.1 (2005) and $276.7 (2004)	3,784.9	4,223.5
Inventory (Note 4)	926.6	994.1
Prepaid expenses and other current assets	1,322.3	1,283.5
Current assets of discontinued operations	25.2	65.3
Total current assets	6,725.4	7,493.5
Property and equipment:		
Land	749.9	745.9
Buildings	888.9	905.0
Capital leases	691.2	689.5
Advertising structures	1,484.4	1,492.5
Equipment and other	3,432.0	3,325.0
	7,246.4	7,157.9
Less accumulated depreciation and amortization	2,911.5	2,820.0
Net property and equipment	4,334.9	4,337.9
Inventory (Note 4)	4,491.2	4,466.0
Goodwill (Note 3)	38,478.2	38,520.2
Intangibles (Note 3)	10,654.6	10,623.1
Other assets	1,987.7	2,008.0
Other assets of discontinued operations	526.2	553.6
Total Assets	$ 67,198.2	$ 68,002.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 543.5	$ 573.6
Accrued compensation	436.8	663.5
Accrued expenses and other current liabilities	2,907.9	3,092.9
Participants' share, residuals and royalties payable	1,248.6	1,296.6
Program rights	1,030.0	849.6
Income taxes payable	210.4	172.9
Current portion of long-term debt (Note 5)	62.5	65.5
Current liabilities of discontinued operations	195.9	164.9
Total current liabilities	6,635.6	6,879.5
Long-term debt (Note 5)	10,492.2	9,643.2
Deferred income tax liabilities, net	1,358.9	1,356.7
Other liabilities including pension and post retirement benefit obligations	7,265.6	7,475.9
Other liabilities of discontinued operations	559.8	611.8
Commitments and contingencies (Note 9)		
Minority interest	4.9	10.9
Stockholders' Equity:		
Class A Common Stock, par value $.01 per share; 750.0 shares authorized; 133.4 (2005 and 2004) shares issued	1.3	1.3
Class B Common Stock, par value $.01 per share; 10,000.0 shares authorized; 1,744.7 (2005) and 1,737.8 (2004) shares issued	17.4	17.4
Additional paid-in capital	65,982.2	66,027.7
Accumulated deficit	(13,408.5)	(14,747.3)
Accumulated other comprehensive loss (Note 1)	(409.2)	(356.0)
	52,183.2	50,943.1
Less treasury stock, at cost; 1.9 (2005 and 2004) Class A shares; and 290.6 (2005) and 224.0 (2004) Class B shares	11,302.0	8,918.8
Total stockholders' equity	40,881.2	42,024.3
Total Liabilities and Stockholders' Equity	$ 67,198.2	$ 68,002.3

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in millions)

	Six Months Ended June 30,	
	2005	2004
Operating Activities:		
Net earnings	$ 1,338.8	$ 1,464.3
Less: Earnings (loss) from discontinued operations, net of tax	(20.4)	122.4
Net earnings from continuing operations	1,359.2	1,341.9
Adjustments to reconcile net earnings from continuing operations to net cash flow provided by operating activities:		
Depreciation and amortization	365.3	375.3
Equity in (earnings) loss of affiliated companies, net of tax	(13.5)	10.5
Distributions from affiliated companies	17.3	12.4
Minority interest, net of tax	2.4	2.1
Change in assets and liabilities, net of effects of acquisitions	216.0	235.1
Net cash flow provided by operating activities attributable to Blockbuster	—	102.1
Net cash flow provided by operating activities	1,946.7	2,079.4
Investing Activities:		
Acquisitions, net of cash acquired	(488.0)	(30.5)
Capital expenditures	(230.3)	(140.4)
Investments in and advances to affiliated companies	(5.0)	(9.1)
Proceeds from dispositions	125.3	10.3
Proceeds from sale of investments	105.3	19.4
Other, net	(2.5)	6.5
Net cash flow used for investing activities attributable to Blockbuster	—	(124.9)
Net cash flow used for investing activities	(495.2)	(268.7)
Financing Activities:		
Borrowings from (repayments to) banks, including commercial paper, net	2,266.3	(25.1)
Proceeds from exercise of stock options	119.4	55.2
Repayment of notes and debentures	(1,419.1)	—
Purchase of Company common stock	(2,408.5)	(645.3)
Dividends	(229.8)	(208.2)
Payment of capital lease obligations	(36.2)	(33.7)
Other, net	(4.4)	(3.6)
Net cash flow used for financing activities attributable to Blockbuster	—	(87.4)
Net cash flow used for financing activities	(1,712.3)	(948.1)
Net increase (decrease) in cash and cash equivalents	(260.8)	862.6
Cash and cash equivalents at beginning of period (includes $1.1 million (2005) and $234.8 million (2004) of discontinued operations cash)	928.2	850.7
Cash and cash equivalents at end of period (includes $1.0 million (2005) and $124.2 million (2004) of discontinued operations cash)	$ 667.4	$ 1,713.3
Supplemental disclosure of investing and financing activities		
Equipment acquired under capitalized leases	$ 82.4	$ 74.8
Supplemental disclosure of acquisitions:		
Fair value of assets acquired	$ 477.2	$ 27.9
Fair value of liabilities settled (assumed)	6.9	(.1)
Acquisition of minority interest	3.9	2.7
Cash paid, net of cash acquired	(488.0)	(30.5)
Impact on stockholders' equity	$ —	$ —

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Tabular dollars in millions, except per share amounts)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying unaudited consolidated financial statements of Viacom Inc. ("Viacom" or the "Company") have been prepared pursuant to the rules of the Securities and Exchange Commission. These financial statements should be read in conjunction with the more detailed financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.

In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair statement of the financial position, results of operations and cash flows of the Company for the periods presented.

Reclassifications—Certain previously reported amounts have been reclassified to conform with the current period's presentation.

Use of Estimates—The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Net Earnings (Loss) per Common Share—Basic earnings (loss) per share ("EPS") is based upon net earnings (loss) divided by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed exercise of stock options only in the periods in which such effect would have been dilutive. For the three and six months ended June 30, 2005, respectively, stock options to purchase 132.9 million and 129.3 million shares of Class B Common Stock at weighted average prices of $43.97 and $44.22 were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive. For the three and six months ended June 30, 2004, respectively, stock options to purchase 115.6 million and 111.3 million shares of Class B Common Stock at weighted average prices of $45.60 and $45.86 were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Weighted average shares for basic EPS	1,600.2	1,724.3	1,612.5	1,727.6
Dilutive effect of shares issuable under stock-based compensation plans	8.8	11.7	9.6	12.7
Weighted average shares for diluted EPS	1,609.0	1,736.0	1,622.1	1,740.3

(Tabular dollars in millions, except per share amounts)

Comprehensive Income (Loss)—Total comprehensive income for the Company includes net earnings and other comprehensive income (loss) items listed in the table below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net earnings	$ 753.8	$ 753.8	$ 1,338.8	$ 1,464.3
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustments	(43.2)	(32.3)	(76.8)	(49.5)
Minimum pension liability adjustment	12.0	10.7	26.2	19.6
Net unrealized gain (loss) on securities	—	2.0	(.2)	2.0
Change in fair value of cash flow hedges	(.9)	.4	(2.4)	—
Total comprehensive income	$ 721.7	$ 734.6	$ 1,285.6	$ 1,436.4

Additional Paid-In Capital—For the six months ended June 30, 2005, the Company recorded dividends of $225.5 million as a reduction to additional paid-in capital as the Company had an accumulated deficit balance.

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

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

On March 8, 2005, the Compensation Committee of the Board of Directors of the Company approved the acceleration of the vesting of unvested stock options having an exercise price of $38.00 or greater granted under the Company's 2000 and 1997 Long-Term Management Incentive Plans. Stock option awards granted from 1999 through 2004 with respect to approximately 29 million shares of the Company'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, the Company expects the acceleration to have a positive effect on employee morale, retention and perception of option value. The acceleration also eliminated future compensation expense the Company would otherwise recognize in its Consolidation Statements of Operations under SFAS 123R. Incremental expense of $277 million associated with the acceleration was included in the six months ended June 30, 2005 pro forma disclosure presented in the following table.

The following table reflects the effect on net earnings and earnings per share from continuing operations if the Company had applied the fair value recognition provisions of SFAS 123. 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.

(Tabular dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net earnings from continuing operations	$ 762.2	$ 717.2	$ 1,359.2	$ 1,341.9
Option expense, net of tax	(28.3)	(83.6)	(362.4)	(159.6)
Net earnings from continuing operations after option expense	$ 733.9	$ 633.6	$ 996.8	$ 1,182.3
Basic earnings per share:				
Net earnings from continuing operations	$ .48	$ .42	$ .84	$ .78
Net earnings from continuing operations after option expense	$ .46	$ .37	$ .62	$ .68
Diluted earnings per share:				
Net earnings from continuing operations	$ .47	$ .41	$ .84	$ .77
Net earnings from continuing operations after option expense	$ .46	$ .36	$ .61	$ .68

If the Company had applied the fair value recognition provision of SFAS 123, an expense would have been recognized in discontinued operations for the six months ended June 30, 2005 of $.6 million. Since the vesting of stock options was accelerated in the first quarter of 2005, no additional expense would have been recognized in the second quarter of 2005. For the three and six months ended June 30, 2004, respectively, an expense of $5.0 million and $10.9 million would have been recognized in discontinued operations.

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

2) DISCONTINUED OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues from discontinued operations	$ 92.3	$ 1,516.1	$ 168.7	$ 3,100.8
Earnings (loss) from discontinued operations	$ (11.5)	$ 70.3	$ (29.6)	$ 180.8
Minority interest	(1.2)	(13.5)	(1.5)	(44.6)
Income tax (provision) benefit, net of minority interest	4.3	(20.2)	10.7	(13.8)
Net earnings (loss) from discontinued operations	$ (8.4)	$ 36.6	$ (20.4)	$ 122.4

(Tabular dollars in millions, except per share amounts)

On June 13, 2005, Viacom announced that it reached an agreement to sell Famous Players, its Canadian-based theater chain, to Cineplex Galaxy LP. The transaction closed on July 22, 2005 with a sale price of approximately $400 million. Famous Players is accounted for as a discontinued operation in the Consolidated Statement of Operations and Balance Sheet for the periods presented in this quarterly report. Cash flows for Famous Players were not material and therefore not presented separately.

In the fourth quarter of 2004, the Company completed the exchange offer for the split-off of Blockbuster Inc. ("Blockbuster") (NYSE: BBI and BBI.B). Under the terms of the offer, Viacom accepted 27,961,165 shares of Viacom common stock in exchange for the 144 million common shares 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.

3) GOODWILL AND INTANGIBLE ASSETS

The changes in the book value of goodwill, by segment, for six months ended June 30, 2005 were as follows:

	At December 31, 2004	Acquisitions (a)	Dispositions	Foreign Currency Translation Adjustments	Other Adjustments (b)	At June 30, 2005
Cable Networks	$ 9,346.0	$ 164.0	$ —	$ (26.0)	$ (10.0)	$ 9,474.0
Television	14,561.0	185.2	(84.0)(c)	—	(95.6)	14,566.6
Radio	8,343.8	—	(4.3)	—	(56.4)	8,283.1
Outdoor	4,600.1	—	—	(96.1)	(18.8)	4,485.2
Entertainment	1,669.3	—	—	—	—	1,669.3
Total	$ 38,520.2	$ 349.2	$ (88.3)	$ (122.1)	$ (180.8)	$ 38,478.2

(a) Acquisitions primarily relate to the acquisition of Neopets Inc. and KOVR-TV.

(b) Adjustments primarily relate to purchase price allocations for acquisitions and the reversal of tax liabilities established in purchase price accounting that are no longer expected to be incurred.

(c) Dispositions of two television stations.

At June 30, 2005 and December 31, 2004, the Company had approximately $10.7 billion and $10.6 billion of intangible assets, respectively. Amortization expense was $38.6 million and $37.8 million for the three months ended June 30, 2005 and 2004, respectively, and $77.2 million and $72.5 million for the six months ended June 30, 2005 and 2004, respectively.

(Tabular dollars in millions, except per share amounts)

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

At June 30, 2005	Gross	Accumulated Amortization	Net
Leasehold agreements	$ 790.6	$ (302.5)	$ 488.1
Franchise agreements	479.9	(155.1)	324.8
Subscriber agreements	406.5	(262.2)	144.3
Other intangible assets	276.7	(108.1)	168.6
Total	$ 1,953.7	$ (827.9)	$ 1,125.8

At December 31, 2004	Gross	Accumulated Amortization	Net
Leasehold agreements	$ 775.0	$ (275.5)	$ 499.5
Franchise agreements	480.5	(143.8)	336.7
Subscriber agreements	406.5	(235.7)	170.8
Other intangible assets	246.6	(93.5)	153.1
Total	$ 1,908.6	$ (748.5)	$ 1,160.1

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

	2005	2006	2007	2008	2009
Amortization expense	$ 148.9	$ 144.2	$ 123.3	$ 84.2	$ 82.7

FCC licenses, valued at approximately $9.5 billion at June 30, 2005 and $9.4 billion at December 31, 2004, are recorded as intangible assets with indefinite lives and are not subject to amortization.

The Company's intangible assets are considered to have finite or indefinite lives and are allocated to various reporting units, which are generally consistent with or one level below the Company's reportable segments. Intangible assets with finite lives, which primarily consist of leasehold, franchise and subscriber agreements, are generally amortized by the straight-line method over their estimated useful lives, which range from 5 to 40 years and are reviewed for impairment at least annually. Intangible assets with indefinite lives, which consist primarily of FCC licenses 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.

(Tabular dollars in millions, except per share amounts)

4) INVENTORY

	At June 30, 2005	At December 31, 2004
Theatrical:		
Released (including acquired film libraries)	$ 673.1	$ 682.9
Completed, not released	44.5	66.0
In process and other	502.5	361.1
Television:		
Released (including acquired film libraries)	743.4	681.8
In process and other	30.9	98.4
Program rights	3,224.6	3,377.1
Merchandise inventory	74.4	76.2
Publishing, primarily finished goods	72.7	65.6
Other	51.7	51.0
Total Inventory	5,417.8	5,460.1
Less current portion	926.6	994.1
Total Non-Current Inventory	$ 4,491.2	$ 4,466.0

5) BANK FINANCING AND DEBT

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

	At June 30, 2005	At December 31, 2004
Notes payable to banks	$ 1,304.7	$ 5.9
Commercial paper	968.1	—
Senior debt (4.625% - 8.875% due 2005-2051)	7,968.7	9,421.4
Other notes	1.0	17.9
Obligations under capital leases	493.8	471.8
Total Debt	10,736.3	9,917.0
Less discontinued operations debt (a)	181.6	208.3
Less current portion	62.5	65.5
Total long-term debt from continuing operations, net of current portion	$ 10,492.2	$ 9,643.2

(a) Included in "Other liabilities of discontinued operations" on the Consolidated Balance Sheets.

The Company's total debt includes (i) an aggregate unamortized premium of $33.7 million and $35.3 million and (ii) the increase in the carrying value of the debt, since inception, relating to fair value swaps of $17.2 million and $17.4 million for the periods ended June 30, 2005 and December 31, 2004, respectively.

The senior debt of Viacom Inc. is fully and unconditionally guaranteed by its wholly owned subsidiary, Viacom International Inc. ("Viacom International"). Senior debt in the amount of $52.2 million in the Company's wholly owned subsidiary, CBS Broadcasting Inc. is not guaranteed.

The Company's $500 million 7.15% Senior Notes due May 20, 2005 and $1.0 billion 7.75% Senior Notes due June 1, 2005 matured in the quarter.

Viacom Credit Agreement

As of June 30, 2005, the Company's credit facilities totaled $7.0 billion, comprised of a $3.0 billion revolving facility due February 2009, a $1.5 billion revolving facility due March 2006 and a $2.5 billion revolving facility, (collectively, the "Credit Facilities"). The $2.5 billion revolving facility was entered into in May 2005, and will terminate on the earlier of either November 10, 2006, or the date on which the Company consummates the contemplated separation of the Company into two publicly traded companies. The Company, at its option, may also borrow in certain foreign currencies up to specified limits under the Credit Facilities. Borrowing rates under the Credit Facilities are determined at the Company's option at the time of each borrowing and are based generally on the prime rate in the United States or the London Interbank Offer Rate ("LIBOR") plus a margin. The Company pays a facility fee based on the total amount of the commitments.

As of June 30, 2005, the Company borrowed $1.3 billion under the Credit Facilities to repay maturing debt securities. As of June 30, 2005, the Company had unused revolving credit facilities of $5.43 billion in the aggregate.

The Credit Facilities contain covenants, which among other things, require that the Company maintain a minimum interest coverage ratio. At June 30, 2005, the Company was in compliance with all covenants under the Credit Facilities.

The primary purpose of the Credit Facilities is to support commercial paper borrowings and for general corporate purposes. At June 30, 2005, the Company had commercial paper borrowings of $968.1 million under its $4.5 billion commercial paper program. Borrowings under the program have maturities of less than one year.

At June 30, 2005, the Company classified $1.77 billion of commercial paper and senior notes as long-term debt, reflecting its intent and ability to refinance this debt on a long-term basis.

Accounts Receivable Securitization Programs

As of June 30, 2005, the Company had an aggregate of $1.0 billion outstanding under revolving receivable securitization programs. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable on the Company's Consolidated Balance Sheets. The Company enters into these arrangements because they provide an additional source of liquidity. Proceeds from these programs were used to reduce outstanding borrowings. The terms of the revolving securitization arrangements require that the receivable pools subject to the programs must pass certain performance ratios. As of June 30, 2005, the Company was in compliance with the required ratios under the receivable securitization programs.

(Tabular dollars in millions, except per share amounts)

6) PENSION AND OTHER POSTRETIREMENT BENEFITS

The components of net periodic cost for the Company's pension and postretirement benefit plans were as follows:

Three Months Ended June 30,	Pension Benefits 2005	Pension Benefits 2004	Postretirement Benefits 2005	Postretirement Benefits 2004
Components of net periodic cost:				
Service cost	$ 17.2	$ 15.6	$ .8	$ .8
Interest cost	80.4	81.0	17.4	18.0
Expected return on plan assets	(75.8)	(74.3)	(.3)	(.3)
Amortization of transition obligation	—	.1	—	—
Amortization of unrecognized prior service cost	.4	.4	(.2)	(.2)
Recognized actuarial loss	14.8	8.8	.7	.6
Net periodic cost	$ 37.0	$ 31.6	$ 18.4	$ 18.9

Six Months Ended June 30,	Pension Benefits 2005	Pension Benefits 2004	Postretirement Benefits 2005	Postretirement Benefits 2004
Components of net periodic cost:				
Service cost	$ 34.5	$ 31.1	$ 1.5	$ 1.5
Interest cost	160.8	162.1	34.7	36.0
Expected return on plan assets	(151.7)	(148.6)	(.5)	(.5)
Amortization of transition obligation	.1	.2	—	—
Amortization of unrecognized prior service cost	.8	.8	(.4)	(.4)
Recognized actuarial loss	29.5	17.6	1.4	1.1
Net periodic cost	$ 74.0	$ 63.2	$ 36.7	$ 37.7

7) SHARE PURCHASE PROGRAM AND CASH DIVIDENDS

For the six months ended June 30, 2005, on a trade date basis, the Company purchased approximately 67.1 million shares of its Class B Common Stock for $2.4 billion under its current $8.0 billion stock purchase program, of which $958.2 million was spent in the second quarter to purchase 28.0 million shares. From the inception of this program in October 2004, a total of 121.7 million shares of Class B Common Stock have been purchased through June 30, 2005 for $4.4 billion, leaving $3.6 billion remaining under the program. For the six months ended June 30, 2004, the Company purchased approximately 13.8 million shares of its Class B Common Stock for $565.8 million under its previous $3.0 billion stock purchase program.

On May 26, 2005, the Company declared a quarterly cash dividend of $.07 per share on Viacom Class A and Class B Common Stock. The dividend was paid on July 1, 2005 to stockholders of record at the close of business on June 7, 2005. On April 1, 2005, the Company paid $113.6 million to stockholders of record at the close of businesses on February 28, 2005 for the $.07 per share dividend declared on January 26, 2005.

8) PROVISION FOR INCOME TAXES

For the second quarter of 2005, the Company's effective income tax rate decreased to 38.6% from 40.9% reflecting a benefit from a $22 million discrete tax item. For the six months ended June 30, 2005, the Company's effective tax rate of 39.5% increased from 35.7% for the same prior-year period, as the prior year's first quarter included a tax benefit of $110.6 million from the resolution of certain of the Company's income tax audits.

9) COMMITMENTS AND CONTINGENCIES

Guarantees

The Company continues to remain as guarantor on certain Blockbuster store leases approximating $359 million at December 31, 2004 and secured by a $150 million letter of credit, the cost of which is reimbursed by the Company. Certain leases contain renewal options that can extend the primary lease term and remain covered by the guarantees. Blockbuster has agreed to indemnify the Company with respect to any amount paid under these guarantees. The Company has recorded a liability of $53.6 million on its Consolidated Balance Sheets reflecting the fair value of such guarantees.

The Company continues to guarantee certain United Cinemas International Multiplex B.V. theater leases which are secured by bank guarantees provided by the buyer. The Company's guarantee totaled approximately $169.1 million at June 30, 2005. The Company also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theatres LLC and guarantees certain theater leases for approximately $11.4 million. The lease guarantees would only be triggered upon non-payment by the respective primary obligors. These guarantees are not recorded on the balance sheet as of June 30, 2005 as they were provided by the Company prior to the adoption of FASB Interpretation No. 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). Additionally, in connection with the July 2005 divestiture of Famous Players, the Company's Canadian-based theater chain, the Company is evaluating the leases assigned to the buyer for potential liability under FIN 45.

Additionally, the Company has indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated $374.9 million at June 30, 2005 and are not recorded on the balance sheet as of June 30, 2005.

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

Legal Matters

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

Claims 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. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of June 30, 2005, the Company had pending approximately 104,700 asbestos claims, as compared with approximately 112,140 as of December 31, 2004 and approximately 116,180 as of June 30, 2004. Of the claims pending as of June 30, 2005, approximately 74,700 were pending in state courts, 27,470 in federal courts and approximately 2,530 were third party claims. During the second quarter of 2005, the Company received approximately 2,060 new claims and closed or moved to an inactive docket approximately 12,090 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs (recovery) 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 the Company's total costs in 2003, the Company's total costs after insurance recoveries and net of tax benefits would have been $56.6 million. The Company's costs for settlement and defense of asbestos claims may vary year to year as insurance proceeds are not always recovered in the same period as the insured portion of the expenses.

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

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

Antitrust. In July 2002, judgment was entered in favor of the Company, Blockbuster, Paramount Home Entertainment and other major motion picture studios and their home video subsidiaries with respect to a complaint filed in the United States District Court for the Western District of Texas. The complaint included federal antitrust and California state law claims. In August 2003, the Fifth Circuit Court of Appeals affirmed the federal court judgment. The Supreme Court of the United States refused plaintiffs' petition for writ of certiorari in March 2004. In February 2003, a similar complaint that had been filed in a Los Angeles County Superior Court was also dismissed with prejudice. The plaintiffs have appealed the California state court dismissal, as well as a prior denial of class certification. As a result of the split-off of Blockbuster in 2004, any judgment in this matter adverse to the Company, Blockbuster and/or Paramount Home Entertainment will be allocated 33.33% to Blockbuster and 66.67% to the Company. The Company believes that the plaintiffs' positions in these litigations are without merit and intends to continue to vigorously defend itself in the litigations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

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

10) REPORTABLE SEGMENTS

The following tables set forth the Company's financial performance by reportable operating segment. The Company's reportable operating segments have been determined in accordance with the Company's internal management structure, which is organized based upon products and services. Effective January 1, 2005, the Company presents in the Cable Networks segment its theme park operations, previously included in the Entertainment segment, as the management of these operations was under *MTV Networks* for the periods presented. Also effective January 1, 2005, presented in the Cable Networks segment are two international pay TV channels, previously reported in the Television segment. Prior period information has been reclassified to conform to the current presentation. The Company operates in five segments: (i) Cable Networks, (ii) Television, (iii) Radio, (iv) Outdoor and (v) Entertainment.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues:				
Cable Networks	$ 1,999.6	$ 1,751.3	$ 3,707.9	$ 3,182.4
Television	2,025.7	2,049.0	4,166.9	4,305.8
Radio	566.5	561.3	1,029.3	1,016.4
Outdoor	499.3	484.0	928.4	887.3
Entertainment	879.6	709.1	1,696.5	1,472.4
Eliminations	(94.6)	(200.7)	(150.4)	(291.8)
Total Revenues	$ 5,876.1	$ 5,354.0	$ 11,378.6	$ 10,572.5

Revenues generated between segments primarily reflect the licensing of feature films and television product to cable and broadcast 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Intercompany revenues:				
Cable Networks	$ (3.1)	$ 4.4	$ (9.4)	$ 1.5
Television	35.3	134.5	52.0	158.1
Radio	6.9	6.7	12.6	12.4
Outdoor	9.6	4.2	13.0	6.9
Entertainment	45.9	50.9	82.2	112.9
Total Intercompany Revenues	$ 94.6	$ 200.7	$ 150.4	$ 291.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Operating Income (Loss):				
Cable Networks	$ 711.1	$ 626.5	$ 1,333.6	$ 1,146.9
Television	439.4	522.4	743.8	853.2
Radio	272.9	266.5	462.4	465.7
Outdoor	81.7	77.6	98.2	91.4
Entertainment	(12.6)	57.1	62.9	119.8
Segment total	1,492.5	1,550.1	2,700.9	2,677.0
Corporate expenses	(67.7)	(87.7)	(116.7)	(124.2)
Residual costs (a)	(29.6)	(28.5)	(59.3)	(56.9)
Eliminations	31.5	(60.9)	44.6	(59.0)
Total Operating Income	1,426.7	1,373.0	2,569.5	2,436.9
Interest expense	(181.8)	(178.4)	(363.2)	(357.9)
Interest income	5.6	3.0	9.1	7.6
Other items, net	(20.4)	31.5	13.7	20.9
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	1,230.1	1,229.1	2,229.1	2,107.5
Provision for income taxes	(474.6)	(502.6)	(881.0)	(753.0)
Equity in earnings (loss) of affiliated companies, net of tax	7.6	(8.4)	13.5	(10.5)
Minority interest, net of tax	(.9)	(.9)	(2.4)	(2.1)
Net earnings from continuing operations	762.2	717.2	1,359.2	1,341.9
Net earnings (loss) from discontinued operations	(8.4)	36.6	(20.4)	122.4
Net Earnings	$ 753.8	$ 753.8	$ 1,338.8	$ 1,464.3

(a) Residual costs primarily include pension and postretirement benefit costs for benefit plans retained by the Company for previously divested businesses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Depreciation and Amortization:				
Cable Networks	$ 72.4	$ 78.3	$ 145.3	$ 150.8
Television	37.6	37.9	74.3	73.1
Radio	7.6	8.5	15.3	15.8
Outdoor	53.2	56.5	106.0	110.7
Entertainment	7.8	6.9	15.5	13.6
Corporate expenses	4.1	5.7	8.9	11.3
Total Depreciation and Amortization	$ 182.7	$ 193.8	$ 365.3	$ 375.3

	At June 30, 2005	At December 31, 2004
Total Assets:		
Cable Networks	$ 15,709.6	$ 15,542.4
Television	24,576.5	24,952.4
Radio	14,214.9	14,313.6
Outdoor	7,075.7	7,262.6
Entertainment	5,003.8	5,093.2
Corporate	2,318.8	2,624.0
Eliminations	(1,701.1)	(1,785.9)
Total Assets	$ 67,198.2	$ 68,002.3

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Capital Expenditures:				
Cable Networks	$ 48.9	$ 34.1	$ 81.2	$ 60.2
Television	54.1	23.3	70.2	35.5
Radio	8.3	5.6	16.8	10.6
Outdoor	15.4	9.7	29.1	21.1
Entertainment	19.8	4.3	26.8	8.9
Corporate	.1	1.1	6.2	4.1
Total Capital Expenditures	$ 146.6	$ 78.1	$ 230.3	$ 140.4

(Tabular dollars in millions, except per share amounts)

11) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International is a wholly owned subsidiary of the Company. Viacom International has fully and unconditionally guaranteed Viacom Inc.'s debt securities (see Note 5). The following condensed consolidating financial statements present the results of operations, financial position and cash flows of Viacom Inc., Viacom International, the direct and indirect Non-Guarantor Affiliates of Viacom Inc. and Viacom International, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

	Statement of Operations for the Three Months Ended June 30, 2005				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 49.5	$ 1,095.4	$ 4,744.7	$ (13.5)	$ 5,876.1
Expenses:					
Operating	23.2	345.1	2,808.7	(31.5)	3,145.5
Selling, general and administrative	38.8	321.9	763.7	(3.2)	1,121.2
Depreciation and amortization	1.3	21.0	160.4	—	182.7
Total expenses	63.3	688.0	3,732.8	(34.7)	4,449.4
Operating income (loss)	(13.8)	407.4	1,011.9	21.2	1,426.7
Interest expense, net	(198.1)	(50.0)	71.9	—	(176.2)
Other items, net	(9.2)	8.9	8.9	(29.0)	(20.4)
Earnings (loss) from continuing operations before income taxes, equity in earnings of affiliated companies and minority interest	(221.1)	366.3	1,092.7	(7.8)	1,230.1
Benefit (provision) for income taxes	88.2	(145.6)	(417.2)	—	(474.6)
Equity in earnings of affiliated companies, net of tax	886.7	174.2	7.9	(1,061.2)	7.6
Minority interest, net of tax	—	1.2	(2.1)	—	(.9)
Net earnings from continuing operations	753.8	396.1	681.3	(1,069.0)	762.2
Net loss from discontinued operations	—	—	(8.4)	—	(8.4)
Net earnings	$ 753.8	$ 396.1	$ 672.9	$ (1,069.0)	$ 753.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

	Statement of Operations for the Six Months Ended June 30, 2005				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 92.3	$ 2,094.8	$ 9,223.4	$ (31.9)	$ 11,378.6
Expenses:					
Operating	43.0	642.1	5,602.2	(48.9)	6,238.4
Selling, general and administrative	79.1	600.6	1,533.6	(7.9)	2,205.4
Depreciation and amortization	2.3	40.9	322.1	—	365.3
Total expenses	124.4	1,283.6	7,457.9	(56.8)	8,809.1
Operating income (loss)	(32.1)	811.2	1,765.5	24.9	2,569.5
Interest expense, net	(391.8)	(96.8)	134.5	—	(354.1)
Other items, net	48.0	20.0	3.7	(58.0)	13.7
Earnings (loss) from continuing operations before income taxes, equity in earnings of affiliated companies and minority interest	(375.9)	734.4	1,903.7	(33.1)	2,229.1
Benefit (provision) for income taxes	150.0	(290.2)	(740.8)	—	(881.0)
Equity in earnings of affiliated companies, net of tax	1,564.7	359.7	14.7	(1,925.6)	13.5
Minority interest, net of tax	—	1.2	(3.6)	—	(2.4)
Net earnings from continuing operations	1,338.8	805.1	1,174.0	(1,958.7)	1,359.2
Net loss from discontinued operations	—	—	(20.4)	—	(20.4)
Net earnings	$ 1,338.8	$ 805.1	$ 1,153.6	$ (1,958.7)	$ 1,338.8

(Tabular dollars in millions, except per share amounts)

	Statement of Operations for the Three Months Ended June 30, 2004				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 54.5	$ 987.3	$ 4,451.1	$ (138.9)	$ 5,354.0
Expenses:					
Operating	22.0	296.8	2,418.2	(64.4)	2,672.6
Selling, general and administrative	40.5	316.4	761.6	(3.9)	1,114.6
Depreciation and amortization	1.3	25.7	166.8	—	193.8
Total expenses	63.8	638.9	3,346.6	(68.3)	3,981.0
Operating income (loss)	(9.3)	348.4	1,104.5	(70.6)	1,373.0
Interest expense, net	(187.8)	(51.6)	64.0	—	(175.4)
Other items, net	32.7	(.1)	23.7	(24.8)	31.5
Earnings (loss) from continuing operations before income taxes, equity in earnings of affiliated companies and minority interest	(164.4)	296.7	1,192.2	(95.4)	1,229.1
Benefit (provision) for income taxes	65.6	(115.7)	(452.5)	—	(502.6)
Equity in earnings of affiliated companies, net of tax	852.6	153.6	9.0	(1,023.6)	(8.4)
Minority interest, net of tax	—	—	(.9)	—	(.9)
Net earnings from continuing operations	753.8	334.6	747.8	(1,119.0)	717.2
Net earnings from discontinued operations, net of tax	—	—	36.6	—	36.6
Net earnings	$ 753.8	$ 334.6	$ 784.4	$ (1,119.0)	$ 753.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

	Statement of Operations for the Six Months Ended June 30, 2004				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 102.8	$ 1,852.2	$ 8,765.5	$ (148.0)	$ 10,572.5
Expenses:					
Operating	42.2	582.6	5,213.1	(77.1)	5,760.8
Selling, general and administrative	77.3	531.9	1,396.9	(6.6)	1,999.5
Depreciation and amortization	2.6	50.6	322.1	—	375.3
Total expenses	122.1	1,165.1	6,932.1	(83.7)	8,135.6
Operating income (loss)	(19.3)	687.1	1,833.4	(64.3)	2,436.9
Interest expense, net	(376.1)	(103.2)	129.0	—	(350.3)
Other items, net	30.0	10.7	29.9	(49.7)	20.9
Earnings (loss) from continuing operations before income taxes, equity in earnings of affiliated companies and minority interest	(365.4)	594.6	1,992.3	(114.0)	2,107.5
Benefit (provision) for income taxes	145.8	(233.7)	(665.1)	—	(753.0)
Equity in earnings of affiliated companies, net of tax	1,683.9	419.3	7.3	(2,121.0)	(10.5)
Minority interest, net of tax	—	—	(2.1)	—	(2.1)
Net earnings from continuing operations	1,464.3	780.2	1,332.4	(2,235.0)	1,341.9
Net earnings from discontinued operations, net of tax	—	—	122.4	—	122.4
Net earnings	$ 1,464.3	$ 780.2	$ 1,454.8	$ (2,235.0)	$ 1,464.3

(Tabular dollars in millions, except per share amounts)

	Balance Sheet at June 30, 2005				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	$ 133.4	$ 8.3	$ 524.7	$ —	$ 666.4
Receivables, net	38.7	656.4	3,422.3	(332.5)	3,784.9
Inventory	8.6	233.9	815.9	(131.8)	926.6
Prepaid expenses and other current assets	134.1	163.4	1,030.9	(6.1)	1,322.3
Current assets of discontinued operations	9.2	—	16.0	—	25.2
Total current assets	324.0	1,062.0	5,809.8	(470.4)	6,725.4
Property and equipment	52.3	798.7	6,395.4	—	7,246.4
Less accumulated depreciation and amortization	12.4	444.0	2,455.1	—	2,911.5
Net property and equipment	39.9	354.7	3,940.3	—	4,334.9
Inventory	8.5	1,378.9	3,208.9	(105.1)	4,491.2
Goodwill	100.3	751.9	37,626.0	—	38,478.2
Intangibles	—	7.3	10,649.1	(1.8)	10,654.6
Investments in consolidated subsidiaries	52,302.9	14,254.0	—	(66,556.9)	—
Other assets	120.0	226.5	1,856.8	(215.6)	1,987.7
Other assets of discontinued operations	201.5	—	324.7	—	526.2
Total Assets	$ 53,097.1	$ 18,035.3	$ 63,415.6	$ (67,349.8)	$ 67,198.2
Liabilities and Stockholders' Equity					
Accounts payable	$ 5.8	$ 108.0	$ 446.1	$ (16.4)	$ 543.5
Accrued expenses and other	841.6	715.1	3,217.0	(188.6)	4,585.1
Participants' share, residuals and royalties payable	—	62.5	1,323.2	(137.1)	1,248.6
Current portion of long-term debt	—	11.3	51.2	—	62.5
Current liabilities of discontinued operations	112.2	39.3	44.4	—	195.9
Total current liabilities	959.6	936.2	5,081.9	(342.1)	6,635.6
Long-term debt	10,083.6	100.9	307.7	—	10,492.2
Other liabilities	(3,174.3)	7,432.1	(1,989.1)	6,355.8	8,624.5
Other liabilities of discontinued operations	478.7	—	81.1	—	559.8
Minority interest	—	—	4.9	—	4.9
Stockholders' Equity:					
Preferred Stock	—	—	128.2	(128.2)	—
Common Stock	18.7	122.8	1,162.3	(1,285.1)	18.7
Additional paid-in capital	65,924.2	1,924.1	92,863.5	(94,729.6)	65,982.2
Retained earnings (accumulated deficit)	(9,470.6)	7,640.7	(11,985.8)	407.2	(13,408.5)
Accumulated other comprehensive income (loss)	(420.8)	(121.5)	116.9	16.2	(409.2)
	56,051.5	9,566.1	82,285.1	(95,719.5)	52,183.2
Less treasury stock, at cost	11,302.0	—	22,356.0	(22,356.0)	11,302.0
Total stockholders' equity	44,749.5	9,566.1	59,929.1	(73,363.5)	40,881.2
Total Liabilities and Stockholders' Equity	$ 53,097.1	$ 18,035.3	$ 63,415.6	$ (67,349.8)	$ 67,198.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

	Balance Sheet at December 31, 2004				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	$ 569.2	$ 11.2	$ 346.7	$ —	$ 927.1
Receivables, net	45.1	691.5	3,773.2	(286.3)	4,223.5
Inventory	8.2	233.8	892.6	(140.5)	994.1
Prepaid expenses and other current assets	75.4	174.3	1,039.6	(5.8)	1,283.5
Current assets of discontinued operations	50.7	—	14.6	—	65.3
Total current assets	748.6	1,110.8	6,066.7	(432.6)	7,493.5
Property and equipment	51.6	767.4	6,338.9	—	7,157.9
Less accumulated depreciation and amortization	10.5	407.4	2,402.1	—	2,820.0
Net property and equipment	41.1	360.0	3,936.8	—	4,337.9
Inventory	14.4	1,331.9	3,211.5	(91.8)	4,466.0
Goodwill	100.3	628.2	37,791.7	—	38,520.2
Intangibles	—	5.7	10,619.2	(1.8)	10,623.1
Investments in consolidated subsidiaries	50,737.5	13,893.7	—	(64,631.2)	—
Other assets	179.8	234.8	1,876.8	(283.4)	2,008.0
Other assets of discontinued operations	227.9	—	325.7	—	553.6
Total Assets	$ 52,049.6	$ 17,565.1	$ 63,828.4	$ (65,440.8)	$ 68,002.3
Liabilities and Stockholders' Equity					
Accounts payable	$ 2.5	$ 65.9	$ 509.1	$ (3.9)	$ 573.6
Accrued expenses and other	770.0	910.1	3,281.6	(182.8)	4,778.9
Participants' share, residuals and royalties payable	—	58.3	1,341.8	(103.5)	1,296.6
Current portion of long-term debt	—	11.0	54.5	—	65.5
Current liabilities of discontinued operations	89.3	12.7	62.9	—	164.9
Total current liabilities	861.8	1,058.0	5,249.9	(290.2)	6,879.5
Long-term debt	9,219.4	107.2	316.6	—	9,643.2
Other liabilities	(4,476.2)	7,656.1	(662.5)	6,315.2	8,832.6
Other liabilities of discontinued operations	572.4	—	39.4	—	611.8
Minority interest	—	—	10.9	—	10.9
Stockholders' Equity:					
Preferred Stock	—	—	128.2	(128.2)	—
Common Stock	18.7	122.8	1,162.3	(1,285.1)	18.7
Additional paid-in capital	66,027.7	1,924.1	92,863.5	(94,787.6)	66,027.7
Retained earnings (accumulated deficit)	(10,809.4)	6,835.6	(13,139.4)	2,365.9	(14,747.3)
Accumulated other comprehensive income (loss)	(446.0)	(138.7)	215.5	13.2	(356.0)
	54,791.0	8,743.8	81,230.1	(93,821.8)	50,943.1
Less treasury stock, at cost	8,918.8	—	22,356.0	(22,356.0)	8,918.8
Total stockholders' equity	45,872.2	8,743.8	58,874.1	(71,465.8)	42,024.3
Total Liabilities and Stockholders' Equity	$ 52,049.6	$ 17,565.1	$ 63,828.4	$ (65,440.8)	$ 68,002.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

	Statement of Cash Flows for the Six Months Ended June 30, 2005				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	$ (885.2)	$ 465.1	$ 2,366.8	$ —	$ 1,946.7
Investing Activities:					
Acquisitions, net of cash acquired	—	(157.6)	(330.4)	—	(488.0)
Capital expenditures	—	(38.5)	(191.8)	—	(230.3)
Investments in and advances to affiliated companies	.2	—	(5.2)	—	(5.0)
Proceeds from dispositions	—	—	125.3	—	125.3
Proceeds (payments) from sale of investments	101.5	5.7	(1.9)	—	105.3
Other, net	—	(2.5)	—	—	(2.5)
Net cash flow provided by (used for) investing activities	101.7	(192.9)	(404.0)	—	(495.2)
Financing Activities:					
Borrowings from (repayments to) banks, including commercial paper, net	2,267.2	—	(.9)	—	2,266.3
Proceeds from exercise of stock options	119.4	—	—	—	119.4
Repayment of notes and debentures	(1,402.2)	—	(16.9)	—	(1,419.1)
Purchase of Company common stock	(2,408.5)	—	—	—	(2,408.5)
Dividends	(229.8)	—	—	—	(229.8)
Payment of capital lease obligations	—	(9.0)	(27.2)	—	(36.2)
Increase (decrease) in intercompany payables	2,001.6	(266.1)	(1,735.5)	—	—
Other, net	—	—	(4.4)	—	(4.4)
Net cash flow provided by (used for) financing activities	347.7	(275.1)	(1,784.9)	—	(1,712.3)
Net increase (decrease) in cash and cash equivalents	(435.8)	(2.9)	177.9	—	(260.8)
Cash and cash equivalents at beginning of period	569.2	11.2	347.8	—	928.2
Cash and cash equivalents at end of period	$ 133.4	$ 8.3	$ 525.7	$ —	$ 667.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

	Statement of Cash Flows for the Six Months Ended June 30, 2004				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	$ (923.8)	$ 503.6	$ 2,499.6	$ —	$ 2,079.4
Investing Activities:					
Acquisitions, net of cash acquired	(3.1)	(.7)	(26.7)	—	(30.5)
Capital expenditures	—	(23.1)	(117.3)	—	(140.4)
Investments in and advances to affiliated companies	(1.4)	—	(7.7)	—	(9.1)
Proceeds from dispositions	—	—	10.3	—	10.3
Proceeds from sale of investments	13.6	—	5.8	—	19.4
Other, net	—	6.4	.1	—	6.5
Net cash flow used for investing activities attributable to Blockbuster	—	—	(124.9)	—	(124.9)
Net cash flow provided by (used for) investing activities	9.1	(17.4)	(260.4)	—	(268.7)
Financing Activities:					
Repayments to banks, including commercial paper, net	(24.5)	—	(.6)	—	(25.1)
Proceeds from exercise of stock options	55.2	—	—	—	55.2
Purchase of Company common stock	(645.3)	—	—	—	(645.3)
Dividends	(208.2)	—	—	—	(208.2)
Payment of capital lease obligations	—	(6.0)	(27.7)	—	(33.7)
Increase (decrease) in intercompany payables	2,525.6	(484.0)	(2,041.6)	—	—
Other, net	—	—	(3.6)	—	(3.6)
Net cash flow used for financing activities attributable to Blockbuster	—	—	(87.4)	—	(87.4)
Net cash flow provided by (used for) financing activities	1,702.8	(490.0)	(2,160.9)	—	(948.1)
Net increase (decrease) in cash and cash equivalents	788.1	(3.8)	78.3	—	862.6
Cash and cash equivalents at beginning of period	212.5	26.8	611.4	—	850.7
Cash and cash equivalents at end of period	$ 1,000.6	$ 23.0	$ 689.7	$ —	$ 1,713.3

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.
(Tabular dollars in millions)

Management's discussion and analysis of the results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements and related Notes in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.

On June 14, 2005, the Company's Board of Directors approved the creation of two separate publicly traded companies through a spin-off to Viacom stockholders. The transaction, which is expected to be completed in the first quarter of 2006, will result in stockholders holding shares in both companies, and is expected to be tax-free to stockholders. The company to be spun will retain the Viacom Inc. name and will be comprised of MTV Networks, BET, Paramount Pictures, Paramount Home Entertainment and Famous Music. The other company, to be called CBS Corporation, will combine the CBS and UPN broadcast networks, Viacom Television Stations Group, Infinity Broadcasting, Viacom Outdoor, the CBS, Paramount and King World televisions production and syndication operations, as well as Showtime, Simon & Schuster and Paramount Parks.

Overview

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

- CABLE NETWORKS: The Cable Networks segment consists of *MTV Music Television, Nickelodeon, Nick At Nite, VH1, MTV2, TV Land, Spike TV, CMT: Country Music Television*, *Comedy Central*, *MTV U*, *Logo*, *BET*, *BET Jazz*, and *Showtime* among other program services. Effective January 1, 2005, *Paramount Parks* is reported as part of Cable Networks. *Paramount Parks* is principally engaged in the ownership and operation of five theme parks and a themed attraction in the U.S. and Canada. Cable Networks revenues are generated primarily from advertising sales and affiliate fees. Cable Networks contributed 34% and 33% to consolidated revenues for three and six months ended June 30, 2005, respectively and 33% and 30% for three and six months ended June 30, 2004.

- TELEVISION: The Television segment consists of the CBS and UPN television networks, the Company's 40 owned broadcast television stations, and its television production and syndication business, including *King World Productions* and *Paramount Television*. Television revenues are generated primarily from advertising sales and television license fees. Television contributed 34% and 37% to consolidated revenues for the three and six months ended June 30, 2005, respectively and 38% and 41% for three and six months ended June 30, 2004.

- RADIO: The Radio segment owns and operates 178 radio stations in 40 U.S. markets through *Infinity Radio*. Radio revenues are generated primarily from advertising sales. Radio contributed 10% and 9% to consolidated revenues for the three and six months ended June 30, 2005, respectively and 10% for three and six months ended June 30, 2004.

- OUTDOOR: The Outdoor segment through *Viacom Outdoor* displays advertising on media including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage. Outdoor revenues are generated primarily from advertising sales. Outdoor contributed 8% to consolidated revenues for the three and six months ended June 30, 2005 and 9% and 8% for the three and six months ended June 30, 2004, respectively.

- ENTERTAINMENT: The Entertainment segment includes *Paramount Pictures*, which produces and distributes theatrical motion pictures; *Simon & Schuster,* which publishes and distributes consumer books under imprints such as *Simon & Schuster, Pocket Books, Scribner* and *The Free Press;* and music publishing operations. Famous Players, the Company's Canadian—based theater chain, whose results were included in the Entertainment segment, was sold on July 22, 2005. Famous Players has been accounted for as a discontinued operation in the Consolidated Statement of Operations and Balance Sheet in the second quarter of 2005 and comparable prior periods have been reclassified to conform to this current presentation. Entertainment revenues are generated primarily from feature film exploitation and publishing. Entertainment contributed 15% to consolidated revenues for both the three and six months ended June 30, 2005, and 13% and 14% for three and six months ended June 30, 2004, respectively.

Effective July 1, 2005, the Company has realigned its segments to reflect the new management structure under its Co-Presidents and Co-Chief Operating Officers in anticipation of the spin-off. Accordingly, Cable Networks will include the results of MTV Networks and BET. Showtime Networks Inc. will be reported in the Television segment, and Paramount Parks and Simon & Schuster will be combined and disclosed in an "all other" category to be named Parks/Publishing. Prior periods will be reclassified to conform to this presentation.

Consolidated Results of Operations

Three and Six Months Ended June 30, 2005 versus Three and Six Months Ended June 30, 2004

Revenues

For the three months ended June 30, 2005, revenues of $5.9 billion increased 10% from $5.4 billion and for the six months ended June 30, 2005, revenues of $11.4 billion increased 8% from $10.6 billion for the same prior-year period primarily driven by increases in advertising revenues, affiliate fees and feature film exploitation, partially offset by a decline in television license fees.

The tables below present the Company's consolidated revenues by type, net of intercompany eliminations, for the three and six months ended June 30, 2005 and 2004.

	Three Months Ended June 30,					
Revenues by Type	**2005**	**Percentage of Total**	**2004**	**Percentage of Total**	**Better/(Worse) $**	**%**
Advertising sales	$ 3,599.3	61%	$ 3,384.0	63%	$ 215.3	6%
Affiliate fees	707.6	12	656.2	12	51.4	8
Feature film exploitation	634.5	11	450.4	9	184.1	41
Television license fees	283.6	5	297.3	6	(13.7)	(5)
Publishing	174.8	3	183.3	3	(8.5)	(5)
Other	476.3	8	382.8	7	93.5	24
Total Revenues	$ 5,876.1	100%	$ 5,354.0	100%	$ 522.1	10%

	Six Months Ended June 30,					
Revenues by Type	**2005**	**Percentage of Total**	**2004**	**Percentage of Total**	**Better/(Worse) $**	**%**
Advertising sales	$ 6,991.2	62%	$ 6,628.3	63%	$ 362.9	5%
Affiliate fees	1,410.1	12	1,293.4	12	116.7	9
Feature film exploitation	1,229.6	11	972.5	9	257.1	26
Television license fees	583.5	5	669.8	6	(86.3)	(13)
Publishing	333.4	3	333.6	3	(.2)	—
Other	830.8	7	674.9	7	155.9	23
Total Revenues	$ 11,378.6	100%	$ 10,572.5	100%	$ 806.1	8%

Advertising sales increased $215.3 million, or 6%, to $3.6 billion for the second quarter of 2005 and $362.9 million, or 5%, to $7.0 billion for the six months ended June 30, 2005 reflecting growth in all of the Company's segments which generate advertising revenues: Cable Networks, Television, Radio and Outdoor. Cable Networks advertising revenues increased 19% for the second quarter and 22% for the six-month period principally due to higher units sold and higher average domestic unit rates at *MTVN* and higher rates at *BET*. Television advertising revenues increased 4% for the quarter and increased slightly for the six months reflecting growth in *CBS/UPN Networks* primetime and for the quarter, sports, partially offset by decreases at the Stations group from weakness in the local advertising market. Outdoor advertising growth primarily reflected an increase in U.S. billboards and display revenues of 4% for the second quarter and 5% for the six-month period and increases in Europe, Canada and Mexico for the six months.

Affiliate fees increased $51.4 million, or 8%, to $707.6 million for the second quarter and $116.7 million, or 9%, to $1.4 billion for the six months ended June 30, 2005 primarily driven by subscriber growth at *MTVN, BET* and *Showtime Networks Inc.*

Feature film exploitation revenues increased $184.1 million, or 41%, to $634.5 million for the second quarter and increased $257.1 million, or 26%, to $1.2 billion for the six months ended June 30, 2005. The increase is primarily due to higher home entertainment revenues of 62% and 32%, respectively, for the three-and six-month periods, principally from DVDs, higher worldwide theatrical revenues, partially offset by lower network and syndication revenues.

Television license fees decreased $13.7 million, or 5%, to $283.6 million for the three months ended June 30, 2005 primarily reflecting lower network revenues due to the absence of license fees for *Frasier* and *Hollywood Squares*, partially offset by higher syndication revenues from the cable renewal of *Everybody Loves Raymond* and higher foreign syndication. For the six months ended June 30, 2005, television license fees decreased $86.3 million, or 13% to $583.5 million primarily reflecting lower network and domestic syndication revenues, partially offset by higher foreign syndication.

Publishing revenues decreased $8.5 million, or 5%, to $174.8 million for the second quarter of 2005 and decreased slightly to $333.4 million for the six months ended June 30, 2005, primarily due to lower sales in the Adult group partially offset by increases in the Children's division.

Other revenues, which include revenues from television and cable DVD and VHS sales, theme park operations and consumer products, increased $93.5 million, or 24% to $476.3 million for the second quarter and increased $155.9 million, or 23% to $830.8 million for the six months ended June 30, 2005. The increase primarily reflected higher home entertainment revenues of 63% and 40%, respectively, principally from increased DVD releases.

International Revenues

The Company generated approximately 15% of its total revenues from international regions for the three and six months ended June 30, 2005, and 13% and 14% for the three and six months ended June 30, 2004, respectively.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2005	Percentage of Total	2004	Percentage of Total	2005	Percentage of Total	2004	Percentage of Total
Europe	$ 506.5	58%	$ 484.1	67%	$ 1,086.3	64%	$ 960.2	66%
Canada	241.2	28	93.9	13	348.9	20	191.1	13
All other	118.1	14	140.6	20	273.1	16	298.2	21
Total International Revenues	$ 865.8	100%	$ 718.6	100%	$ 1,708.3	100%	$ 1,449.5	100%

Operating Expenses

The table below presents the Company's consolidated operating expenses by type:

	Three Months Ended June 30,								
Operating Expenses by Type		**2005**	**Percentage of Total**		**2004**	**Percentage of Total**	**Increase/(Decrease) $**		**%**
Production and program	$	2,014.7	64%	$	1,743.8	65%	$	270.9	16%
Distribution		409.3	13		246.6	9		162.7	66
Other		721.5	23		682.2	26		39.3	6
Total Operating Expenses	$	3,145.5	100%	$	2,672.6	100%	$	472.9	18%

	Six Months Ended June 30,								
Operating Expenses by Type		**2005**	**Percentage of Total**		**2004**	**Percentage of Total**	**Increase/(Decrease) $**		**%**
Production and program	$	4,183.7	67%	$	3,919.9	68%	$	263.8	7%
Distribution		742.4	12		587.4	10		155.0	26
Other		1,312.3	21		1,253.5	22		58.8	5
Total Operating Expenses	$	6,238.4	100%	$	5,760.8	100%	$	477.6	8%

For the three and six months ended June 30, 2005, operating expenses of $3.1 billion and $6.2 billion increased 18% and 8%, respectively, versus the same prior-year periods.

Production and program expenses for the second quarter increased $270.9 million, or 16%, to $2.0 billion and for the six months, increased $263.8 million, or 7%, to $4.2 billion over the same prior-year periods. The increases in the three- and six-month periods primarily reflect growth in Cable Networks of 23% and 19%, respectively, principally from new programming and the inclusion of *VIVA* and higher amortization of feature film production costs. Also contributing to the second quarter increase was higher costs for primetime series and increased sports rights at the broadcast networks. These increases were partially offset by lower production costs associated with fewer network series.

Distribution expenses increased $162.7 million, or 66%, and $155.0 million, or 26%, respectively, for the three and six months ended June 30, 2005 primarily reflecting higher feature film distribution costs for theatrical releases and higher distribution costs associated with increased home entertainment sales of DVDs.

Other operating expenses increased $39.3 million, or 6% to $721.5 million for the second quarter and $58.8 million, or 5%, to $1.3 billion for the six months ended June 30, 2005, primarily reflecting 3% higher Outdoor expenses from higher billboard lease costs and the unfavorable impact of exchange rates, and for the six months, higher costs for publishing operations. The three and six months of 2005 also included additional costs from SportsLine.com, Inc. acquired in December 2004.

Selling, General and Administrative Expenses

Selling, general and administrative expenses, which include expenses incurred to provide back office support, occupancy, selling and marketing costs, increased slightly to $1.1 billion for the second quarter and increased 10% to $2.2 billion for the six months ended June 30, 2005, primarily reflecting higher advertising, marketing, employee compensation and additional costs from the acquisitions of *VIVA* and SportsLine.com, Inc. in 2004. The six-month period also reflected higher bad debt expense as the prior year included a reversal of bad debt reserves. These increases were partially offset by severance charges of $56.2 million recorded in the second quarter of 2004 due to management changes and a gain on the sale of fixed assets. Selling, general and administrative expenses as a percentage of revenues decreased to 19% for the three months ended June 30, 2005 versus 21% for the same prior-year period and remained relatively flat at 19% for the six months ended June 30, 2005 and 2004.

Depreciation and Amortization

For the three and six months ended June 30, 2005, depreciation and amortization decreased 6% to $182.7 million and 3% to $365.3 million, respectively, primarily reflecting decreases for cable transponders and outdoor advertising properties.

Interest Expense

For the three and six months ended June 30, 2005, interest expense increased 2% and 1%, respectively, to $181.8 million and $363.2 million due to an increase in debt including higher average commercial paper borrowings and higher capital lease interest. The Company had approximately $10.7 billion and $10.0 billion of principal amount of debt outstanding (including current maturities) as of June 30, 2005 and 2004, respectively, at weighted average interest rates of 6.0% and 6.5%, respectively.

Interest Income

For the three months ended June 30, 2005, interest income increased $2.6 million to $5.6 million and for the six months ended June 30, 2005, increased $1.5 million to $9.1 million.

Other Items, Net

For the three months ended June 30, 2005, Other items, net reflected a net loss of $20.4 million principally consisting of foreign exchange losses of $10.7 million and losses of $9.2 million associated with securitizing trade receivables. Other items, net of $13.7 million for the six months ended June 30, 2005 principally reflected a gain of $64.6 from the sale of Marketwatch.com, Inc. partially offset by a non-cash charge of $26.5 million associated with other-than-temporary declines in the Company's investments, losses of $17.2 million associated with securitizing trade receivables and foreign exchange losses of $6.9 million.

Other items, net of $31.5 million for the three months ended June 30, 2004 principally reflected a gain on the sale of investments of $37.0 million, partially offset by losses of $3.7 million associated with securitizing trade receivables and foreign exchange losses of $1.6 million. For the six months ended June 30, 2004, Other items, net of $20.9 million principally reflected a gain on the sale of investments of $38.7 million and foreign exchange gains of $9.6 million, partially offset by a non-cash charge of $20.1 million associated with other-than-temporary declines in the Company's investments and losses associated with securitizing trade receivables of $7.2 million.

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 second quarter of 2005, the Company's effective income tax rate decreased to 38.6% from 40.9% reflecting a benefit from a $21.8 million discrete tax item. For the six months ended June 30, 2005, the Company's effective tax rate of 39.5% increased from 35.7% for the same prior-year period, as the prior year's first quarter included a tax benefit of $110.6 million from the resolution of certain of the Company'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 the Company's equity investments.

Minority Interest, Net of Tax

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

Net Earnings (Loss) from Discontinued Operations, Net of Tax

Net earnings (loss) from discontinued operations reflect the operating results of Famous Players. Also included in the prior-year periods were the operating results of Blockbuster Inc. ("Blockbuster") which was split-off from the Company in 2004. For the three and six months ended June 30, 2005, discontinued operations reflected a net loss of $8.4 million and $20.4 million, respectively, versus earnings of $36.6 million and $122.4 million, respectively, for the same prior-year periods.

Net Earnings

The Company reported net earnings of $753.8 million for both the three months ended June 30, 2005 and 2004 and net earnings of $1.3 billion for the six months ended June 30, 2005 as compared with net earnings of $1.5 billion for the six months ended June 30, 2004. Net earnings reflected revenue growth of 10% and 8%, respectively, for the three and six months ended June 30, 2005, offset by higher expenses of 12% and 8%, respectively, the absence of a tax benefit of $110.6 million and earnings from Blockbuster, recorded in discontinued operations in the prior-year periods.

Segment Results of Operations

The tables below present the Company's revenues, operating income and depreciation and amortization by segment, for the three and six months ended June 30, 2005 and 2004, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues:				
Cable Networks	$ 1,999.6	$ 1,751.3	$ 3,707.9	$ 3,182.4
Television	2,025.7	2,049.0	4,166.9	4,305.8
Radio	566.5	561.3	1,029.3	1,016.4
Outdoor	499.3	484.0	928.4	887.3
Entertainment	879.6	709.1	1,696.5	1,472.4
Eliminations	(94.6)	(200.7)	(150.4)	(291.8)
Total Revenues	$ 5,876.1	$ 5,354.0	$ 11,378.6	$ 10,572.5

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Operating Income:				
Cable Networks	$ 711.1	$ 626.5	$ 1,333.6	$ 1,146.9
Television[a]	439.4	522.4	743.8	853.2
Radio	272.9	266.5	462.4	465.7
Outdoor	81.7	77.6	98.2	91.4
Entertainment[a]	(12.6)	57.1	62.9	119.8
Corporate expenses[a]	(67.7)	(87.7)	(116.7)	(124.2)
Residual costs[b]	(29.6)	(28.5)	(59.3)	(56.9)
Eliminations	31.5	(60.9)	44.6	(59.0)
Total Operating Income[a]	$ 1,426.7	$ 1,373.0	$ 2,569.5	$ 2,436.9

(a) 2004 total operating income includes severance charges of $56.2 million, reported as follows: Television ($10.4 million), Entertainment ($10.4 million) and Corporate expenses ($35.4 million).

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Depreciation and Amortization:				
Cable Networks	$ 72.4	$ 78.3	$ 145.3	$ 150.8
Television	37.6	37.9	74.3	73.1
Radio	7.6	8.5	15.3	15.8
Outdoor	53.2	56.5	106.0	110.7
Entertainment	7.8	6.9	15.5	13.6
Corporate expenses	4.1	5.7	8.9	11.3
Total Depreciation and Amortization	$ 182.7	$ 193.8	$ 365.3	$ 375.3

Cable Networks *(MTV Networks including MTV, Nickelodeon, Nick at Nite, VH1, MTV2, TV Land, Spike TV, CMT, Comedy Central, MTV U, and Logo (collectively, "MTVN") and Paramount Parks; BET, BET Jazz; and Showtime Networks Inc.)*

(Contributed 34% and 33% to consolidated revenues for the three and six months ended June 30, 2005 versus 33% and 30% for the prior-year periods.)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues	$ 1,999.6	$ 1,751.3	$ 3,707.9	$ 3,182.4
Operating income (OI)	$ 711.1	$ 626.5	$ 1,333.6	$ 1,146.9
OI as a % of revenues	36%	36%	36%	36%
Depreciation and amortization	$ 72.4	$ 78.3	$ 145.3	$ 150.8
Capital expenditures	$ 48.9	$ 34.1	$ 81.2	$ 60.2

Effective January 1, 2005, Cable Networks includes *Paramount Parks*, which had been included in the Entertainment segment, and two international pay TV channels, which had been included in the Television segment. Previous financial results have been reclassified to reflect these changes.

For the three and six months ended June 30, 2005, Cable Networks revenues increased $248.3 million, or 14% to $2.0 billion, and $525.5 million, or 17% to $3.7 billion, respectively. Approximately 12% of Cable Networks revenues were generated from international regions, principally Europe, for the three and six months ended June 30, 2005 and 11% and 10% for the three and six months ended June 30, 2004, respectively.

The increase in Cable Networks revenues was principally driven by advertising revenue growth of $155.1 million, or 19% for the quarter and $333.5 million, or 22% for the six months. Advertising revenues at *MTVN* grew 19% for the three months and 23% for the six months reflecting an overall increase in the number of units sold and higher average unit rates at domestic channels. *BET* advertising revenues increased 17% and 19% for the three and six months, respectively, principally due to higher rates. Cable affiliate fees increased 9% for the quarter and the six months, primarily driven by subscriber growth at *MTVN*, *BET* and *Showtime*. Other ancillary revenues for Cable Networks, which represent approximately 15% of Cable Networks revenues for the quarter, increased 13% benefiting from higher international licensing and syndication revenues and higher home video revenues from *Comedy Central*, primarily due to the *Chappelle's Show: Season 2 Uncensored* DVD. For the six months, other ancillary revenues for Cable Networks was 13% of total revenues, and increased 18%. *VIVA*, which was acquired in August 2004, contributed 2% of Cable Networks revenue growth for the quarter and six months, or $35.0 million and $79.2 million, respectively. Parks revenues decreased 3% in the second quarter and six months primarily due to lower attendance.

For the three and six months ended June 30, 2005, Cable Networks operating income increased $84.6 million, or 14% to $711.1 million and $186.7 million, or 16% to $1.3 billion, respectively, 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 3% and 4% to the total expense growth for the quarter and six months, respectively. Operating expenses, principally comprised of programming and production costs for the cable channels, increased 17% for the quarter and 15% for the six months. Selling, general and administrative expenses increased 15% for the quarter and 24% for the six months, of which the reversal of previously established bad debt reserves in 2004 contributed 3%. Operating income as a percentage of revenues for the all periods presented was 36%.

In the second quarter of 2005, *MTVN* acquired Neopets Inc., a leading children's website, for approximately $160.0 million.

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

(Contributed 34% and 37% to consolidated revenues for the three and six months ended June 30, 2005 versus 38% and 41% for the prior-year periods.)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues	$ 2,025.7	$ 2,049.0	$ 4,166.9	$ 4,305.8
Operating income (OI)	$ 439.4	$ 522.4	$ 743.8	$ 853.2
OI as a % of revenues	22%	25%	18%	20%
Depreciation and amortization	$ 37.6	$ 37.9	$ 74.3	$ 73.1
Capital expenditures	$ 54.1	$ 23.3	$ 70.2	$ 35.5

For the three and six months ended June 30, 2005, Television revenues decreased $23.3 million, or 1% to $2.0 billion, and $138.9 million, or 3% to $4.2 billion, respectively. The revenue decrease for the second quarter was principally driven by lower television license fees partially offset by higher advertising revenues at the broadcast networks and higher home entertainment revenues. CBS and UPN Networks combined advertising revenues increased 7% with a 7% increase in CBS/UPN primetime due to mid-single digit average rate increases and increases for the Masters and the NCAA Men's Basketball Championship Tournament. For the quarter, the Stations group advertising revenues declined 4% due mainly to softness in the local marketplace. For the six months ended June 30, 2005, CBS and UPN Networks combined delivered 1% higher advertising revenues led by 6% growth in CBS/UPN primetime from mid-single digit average rate increases partially offset by the absence of the Super Bowl. For the six months, the Stations group advertising revenues decreased 4% with a decrease in average unit rates mainly due to the absence of the Super Bowl, lower political spending and weakness in the local marketplace.

Television revenues for the quarter and six months reflected lower television license fee revenues principally from domestic syndication. Domestic syndication revenues decreased for the quarter and six months as the second cycle cable renewal of *Everybody Loves Raymond* did not match the prior-year contributions from the basic cable syndication of *Star Trek: Deep Space Nine* and revenues from the cancelled series *Frasier* and *Hollywood Squares*.

For the three and six months ended June 30, 2005, Television operating income decreased $83.0 million, or 16% to $439.4 million and $109.4 million, or 13% to $743.8 million, respectively, principally due to the revenue decreases noted above. For the quarter, total expenses increased $59.6 million, or 4% to $1.6 billion, primarily due to increased production and programming expenses partially offset by a 5% decrease in selling, general and administrative expenses. For the quarter, production and programming expenses increased 3% due primarily to higher primetime series costs and increased sports rights. For the quarter, selling, general and administrative expenses decreased primarily due to a $10.4 million severance charge recorded in the prior-year quarter. For the six months, total expenses decreased $29.5 million, or 1% to $3.4 billion, reflecting lower production and programming expenses partially offset by a 2% increase in selling, general and administrative expenses. For the six months, production and programming expenses decreased 4% reflecting lower program rights for sports events partially offset by higher primetime series costs. For the six months, selling, general and administrative expenses increased reflecting additional costs for Sportsline.com, Inc. which was acquired in December 2004 partially offset by the severance charge in the prior year noted above. Operating income as a percentage of revenues was 22% and 18%, for the three and six months ended June 30, 2005, respectively, versus 25% and 20% for the prior-year periods.

Radio *(Radio Stations)*

(Contributed 10% and 9% to consolidated revenues for the three and six months ended June 30, 2005 and 10% for the comparable prior-year periods.)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues	$ 566.5	$ 561.3	$ 1,029.3	$ 1,016.4
Operating income (OI)	$ 272.9	$ 266.5	$ 462.4	$ 465.7
OI as a % of revenues	48%	47%	45%	46%
Depreciation and amortization	$ 7.6	$ 8.5	$ 15.3	$ 15.8
Capital expenditures	$ 8.3	$ 5.6	$ 16.8	$ 10.6

For the three and six months ended June 30, 2005, Radio revenues increased $5.2 million, or 1% to $566.5 million, and $12.9 million, or 1% to $1.0 billion respectively. Radio's revenues are generated domestically from 178 radio stations. Radio advertising revenues increased 1% for the quarter and 2% for the six months due to increased pricing partially offset by fewer units sold. For the quarter, local advertising sales increased 2% partially offset by a decline in national advertising sales. For the six months, local and national advertising sales increased. Radio receives consideration for management services provided to Westwood One, an affiliated company. Revenues from these arrangements were approximately $16.3 million and $32.5 million for the three and six months ended June 30, 2005 versus $16.4 million and $33.0 million for the comparable prior-year periods.

Radio operating income was up $6.4 million, or 2% to $272.9 million for the quarter, and decreased $3.3 million, or 1% to $462.4 million for the six months ended June 30, 2005 primarily due to the revenue increases noted above. Operating expenses, increased $13.9 million, or 11% for the quarter and $19.5 million, or 8% for the six months ended June 30, 2005 due mainly to increased programming costs and contractual talent increases. Selling, general and administrative expenses decreased $14.3 million, or 9% for the quarter and $2.9 million, or 1% for the six months ended June 30, 2005 due primarily to the recognition of a net gain of $10 million from the sale of fixed assets partially offset by higher expenses associated with legal proceedings. Operating income as a percentage of revenues was 48% and 45%, for the three and six months ended June 30, 2005, respectively, versus 47% and 46% for the prior-year periods.

Outdoor *(Outdoor Advertising Properties)*

(Contributed 8% to revenues for the three and six months ended June 30, 2005 and 9% and 8% for the three and six months ended June 30, 2004.)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues	$ 499.3	$ 484.0	$ 928.4	$ 887.3
Operating income (OI)	$ 81.7	$ 77.6	$ 98.2	$ 91.4
OI as a % of revenues	16%	16%	11%	10%
Depreciation and amortization	$ 53.2	$ 56.5	$ 106.0	$ 110.7
Capital expenditures	$ 15.4	$ 9.7	$ 29.1	$ 21.1

For the three and six months ended June 30, 2005, Outdoor revenues increased $15.3 million, or 3% to $499.3 million, and $41.1 million or 5% to $928.4 million, respectively. In the second quarter, the revenue growth was driven by a 4% increase in U.S. billboards and displays, a 21% increase in Canada and a 16% increase in Mexico. For the quarter, European revenues decreased 1%, or 4% in constant dollars, due in part to the loss of a component of the Italian transit contract. For the six months ended June 30, 2005, revenue growth was driven by a 5% increase in U.S. billboards and displays, a 14% increase in Canada and Mexico, and a 3% increase in Europe. The estimated total impact of exchange rate fluctuations for Outdoor revenues was $9.6 million in additional revenues for the three months ended June 30, 2005 and $17.9 million in additional revenues for the first six months of 2005. Approximately 45% of Outdoor's revenues were generated from international regions for the three months ended June 30, 2005 and 2004, and 46% for the six months ended June 30, 2005 and 2004.

Outdoor's operating income for the three and six months ended June 30, 2005 increased $4.1 million or 5% to $81.7 million and $6.8 million or 7% to $98.2 million, respectively. For the three months ended June 30, 2005, the increase in operating income was driven by the combination of higher revenues and a positive net impact of foreign exchange partially offset by higher expenses. In constant dollars, total expenses increased 1% for the quarter with increases in employee-related expenses and billboard lease costs partially offset by lower bad debt reserves. For the six months, total expenses increased 2% in constant dollars. Total expenses as a percentage of revenues were flat for the three months and decreased one percentage point for the six months versus the comparable prior-year periods.

Entertainment (*Paramount Pictures, Simon & Schuster and Famous Music Publishing)*

(Contributed 15% to consolidated revenues for the three and six months ended June 30, 2005 versus 13% and 14% for the comparable prior-year periods.)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues	$ 879.6	$ 709.1	$ 1,696.5	$ 1,472.4
Operating income (loss) (OI)	$ (12.6)	$ 57.1	$ 62.9	$ 119.8
OI as a % of revenues	n/m	8%	4%	8%
Depreciation and amortization	$ 7.8	$ 6.9	$ 15.5	$ 13.6
Capital expenditures	$ 19.8	$ 4.3	$ 26.8	$ 8.9

n/m — not meaningful

For the three months ended June 30, 2005, Entertainment revenues increased $170.5 million or 24% to $879.6 million principally reflecting higher Features revenues, partially offset by lower Publishing revenues. For the six months ended June 30, 2005, Entertainment revenues increased $224.1 million, or 15% to $1.7 billion driven by higher Features revenues. Approximately 27% and 29% of Entertainment's revenues were generated from international regions, principally Europe and Canada, for the three months ended June 30, 2005 and 2004, respectively and 31% for the six months ended June 30, 2005 and 2004.

For the three months, Features revenues increased 36% driven by increases in worldwide home entertainment and theatrical revenues, partially offset by lower network, syndication and pay television revenues. For the quarter, the increase in worldwide home entertainment revenues was driven by higher DVD sales and included contributions from *Lemony Snicket's: A Series of Unfortunate Events*, *Coach Carter* and *Team America: World Police*. The increase in worldwide theatrical revenues was led by the contributions from second quarter theatrical releases of *The Longest Yard*, *Sahara* and *War of the Worlds*. Network, syndication and pay television revenues were lower than the prior-year period due to a change in mix of available titles. Publishing's revenues decreased 5% from the prior year's quarter which benefited from political titles and "*Dark Tower VI—Song Of Susannah"* by Stephen King.

For the six months, Features revenues increased 21% driven by increases in worldwide home entertainment and theatrical revenues, partially offset by lower network and pay television revenues. Publishing's revenues were essentially flat versus the prior year's first half.

Entertainment's operating loss of $12.6 million for the second quarter of 2005 compared with operating income of $57.1 million in the same prior-year period and reflected the timing of feature film releases and the recognition of expenses associated with these films, including higher print and advertising costs and higher amortization expense. Theatrical and home entertainment print and advertising costs for the second quarter of 2005 were approximately $170.0 million higher than the prior-year's quarter. Included in the prior year's operating results was a $10.4 million severance charge related to management changes. Total expenses, as a percentage of revenues, increased ten percentage points for the three months ended June 30, 2005 versus the comparable prior-year period.

For the six month period, Entertainment's operating income decreased $56.9 million, or 47% to $62.9 million primarily due to the timing of distribution costs and amortization expense as well as higher overhead for Features which more than offset the revenue increase. Total expenses, as a percentage of revenues, increased four percentage points for the six months ended June 30, 2005 versus the comparable prior-year period.

Financial Position

Current assets decreased $768.1 million to $6.7 billion at June 30, 2005 from $7.5 billion at December 31, 2004 primarily due to decreases in receivables and cash and cash equivalents. The decrease in receivables principally reflected the seasonality of television advertising and publishing sales. The allowance for doubtful accounts as a percentage of receivables was 7.0% at June 30, 2005 compared with 6.1% at December 31, 2004.

Net property and equipment remained flat at $4.3 billion as capital expenditures and additional capital leases were offset by depreciation expense.

Current liabilities decreased $243.9 million to $6.6 billion at June 30, 2005 from $6.9 billion at December 31, 2004 primarily due to decreases in accrued compensation and accrued expenses and other current liabilities partially offset by increased program rights obligations at the broadcast networks. The decrease in accrued compensation and accrued expenses reflected the timing of payments. Total debt from continuing operations, including current maturities, increased $846.0 million to $10.6 billion at June 30, 2005 principally reflecting additional commercial paper borrowings and an increase in notes payable to banks partially offset by debt maturities.

Cash Flows

Cash and equivalents decreased by $260.8 million for the six months ended June 30, 2005. The change in cash and cash equivalents was as follows:

	Six Months Ended June 30,	
	2005	2004
Cash provided by operating activities	$ 1,946.7	$ 2,079.4
Cash used for investing activities	(495.2)	(268.7)
Cash used for financing activities	(1,712.3)	(948.1)
Increase (decrease) in cash and cash equivalents	$ (260.8)	$ 862.6

Operating Activities. Cash provided by operating activities of $1.9 billion for the six months ended June 30, 2005 decreased $132.7 million versus the same prior-year period. This decrease primarily reflected the inclusion of operating cash flows from Blockbuster of $102.1 million in 2004, as well as higher cash taxes paid in 2005 partially offset by decreases to the Company's working capital.

Cash paid for income taxes for the six months ended June 30, 2005 was $671.5 million versus $571.3 million for the six months ended June 30, 2004.

Investing Activities. Cash used for investing activities of $495.2 million for the six months ended June 30, 2005 principally reflected acquisitions of $488.0 million, consisting primarily of the acquisitions of KOVR-TV and Neopets Inc. and capital expenditures of $230.3 million, partially offset by proceeds from dispositions of $125.3 million, principally reflecting the sales of a radio station and two television stations and proceeds from the sale of investments of $105.3 million, primarily reflecting the sale of the Company's interest in Marketwatch.com, Inc. Capital expenditures increased $89.9 million or 64%, reflecting increased investment in information systems and building improvements. Cash used for investing activities of $268.7 million for the six months ended June 30, 2004 principally reflected capital expenditures of $140.4 million and investing cash flows attributable to Blockbuster of $124.9 million.

Financing Activities. Cash used for financing activities of $1.7 billion for the six months ended June 30, 2005 principally reflected the purchase of Company common stock of $2.4 billion, the repayment of notes and debentures of $1.4 billion and dividend payments of $229.8 million partially offset by the net proceeds from bank borrowings of $2.3 billion and from the exercise of stock options of $119.4 million. Cash used for financing activities of $948.1 million for the six months ended June 30, 2004 primarily reflected the purchase of Company common stock of $645.3 million and dividend payments of $208.2 million.

Acquisitions. In the second quarter of 2005, the Company acquired Neopets Inc., for approximately $160.0 million and KOVR-TV, a Sacramento television station for approximately $285.0 million.

Share Purchase Program and Cash Dividends

For the six months ended June 30, 2005, on a trade date basis, the Company purchased approximately 67.1 million shares of its Class B Common Stock for $2.4 billion under its current $8.0 billion stock purchase program, of which $958.2 million was spent in the second quarter to purchase 28.0 million shares. Since inception of this program in October 2004, a total of 130.7 million shares of Class B Common Stock have been purchased through August 2, 2005 for $4.7 billion, leaving $3.3 billion remaining under the program. For the six months ended June 30, 2004, the Company purchased approximately 13.8 million shares of its Class B Common Stock for $565.8 million under its previous $3.0 billion stock purchase program

On May 26, 2005, the Company declared a quarterly cash dividend of $.07 per share on Viacom Class A and Class B Common Stock. The dividend of $111.9 million was paid on July 1, 2005 to stockholders of record at the close of business on June 7, 2005. On April 1, 2005, the Company paid $113.6 million to stockholders of record at the close of business on February 28, 2005 for the $.07 per share dividend declared on January 26, 2005.

Capital Structure

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

	At June 30, 2005	At December 31, 2004
Notes payable to banks	$ 1,304.7	$ 5.9
Commercial paper	968.1	—
Senior debt (4.625%-8.875% due 2005-2051)	7,968.7	9,421.4
Other notes	1.0	17.9
Obligations under capital leases	493.8	471.8
Total Debt	10,736.3	9,917.0
Less discontinued operations debt (a)	181.6	208.3
Less current portion	62.5	65.5
Total long-term debt from continuing operations, net of current portion	$ 10,492.2	$ 9,643.2

(a) Included in "Other liabilities of discontinued operations" on the Consolidated Balance Sheets.

The Company's total debt includes (i) an aggregate unamortized premium of $33.7 million and $35.3 million and (ii) the increase in the carrying value of the debt, since inception, relating to fair value swaps of $17.2 million and $17.4 million for the periods ended June 30, 2005 and December 31, 2004, respectively.

The senior debt of Viacom Inc. is fully and unconditionally guaranteed by its wholly owned subsidiary, Viacom International Inc. Senior debt in the amount of $52.2 million in the Company's wholly owned subsidiary, CBS Broadcasting Inc., is not guaranteed.

The Company's $500 million 7.15% Senior Notes due May 20, 2005 and $1.0 billion 7.75% Senior Notes due June 1, 2005 matured in the quarter.

Viacom Credit Agreement

As of June 30, 2005, the Company's credit facilities totaled $7.0 billion, comprised of a $3.0 billion revolving facility due February 2009, a $1.5 billion revolving facility due March 2006 and a $2.5 billion revolving facility, (collectively, the "Credit Facilities"). The $2.5 billion revolving facility was entered into in May 2005, and will terminate on the earlier of either November 10, 2006 or the date on which the Company consummates the contemplated separation of the Company into two publicly traded companies. The Company, at its option, may also borrow in certain foreign currencies up to specified limits under the Credit Facilities. Borrowing rates under the Credit Facilities are determined at the Company's option at the time of each borrowing and are based generally on the prime rate in the United States or the London Interbank Offer Rate ("LIBOR") plus a margin. The Company pays a facility fee based on the total amount of the commitments.

As of June 30, 2005, the Company borrowed $1.3 billion under the Credit Facilities to repay maturing debt securities. As of June 30, 2005, the Company had unused revolving credit facilities of $5.43 billion in the aggregate.

At June 30, 2005, the Company classified $1.77 billion of commercial paper and senior notes as long-term debt, reflecting its intent and ability to refinance this debt on a long-term basis.

Accounts Receivable Securitization Programs

As of June 30, 2005, the Company had an aggregate of $1.0 billion outstanding under revolving receivable securitization programs. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable on the Company's Consolidated Balance Sheets. The Company enters into these arrangements because they provide an additional source of liquidity. Proceeds from these programs were used to reduce outstanding borrowings. The terms of the revolving securitization arrangements require that the receivable pools subject to the programs meet certain performance ratios. As of June 30, 2005, the Company was in compliance with the required ratios under the receivable securitization programs.

Liquidity and Capital Resources

The Company believes that its operating cash flows ($1.9 billion at June 30, 2005), cash and cash equivalents ($666.4 million at June 30, 2005), borrowing capacity under committed bank facilities (which consisted of unused revolving credit facilities of $5.43 billion at June 30, 2005), and access to capital markets are sufficient to fund its operating needs, including commitments and contingencies, capital and investing commitments and its financing requirements for the foreseeable future. The funding for commitments to purchase sports programming rights, television and film operations, and talent contracts will come primarily from cash flow from operations.

The Company continually projects anticipated cash requirements, which include capital expenditures, share purchases, dividends, acquisitions, and principal payments on its outstanding indebtedness, as well as cash flows generated from operating activity available to meet these needs. Any net cash funding requirements are financed with short-term borrowings and long-term debt. Commercial paper borrowings, which also accommodate day-to-day changes in funding requirements, are backed by committed bank facilities that may be utilized in the event that commercial paper borrowings are not available. The Company's credit position affords sufficient access to the capital markets to meet the Company's financial requirements.

The Company anticipates that future debt maturities will be funded with cash and cash equivalents and cash flows generated from operating activities and other debt financing. There are no provisions in any of the Company's material financing agreements that would cause an acceleration of the obligation in the event of a downgrade in the Company's debt ratings.

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

Guarantees

The Company continues to remain as guarantor on certain Blockbuster store leases approximating $359 million at December 31, 2004 and secured by a $150 million letter of credit, the cost of which is reimbursed by the Company. Certain leases contain renewal options that can extend the primary lease term and remain covered by the guarantees. Blockbuster has agreed to indemnify the Company with respect to any amount paid under these guarantees. The Company has recorded a liability of $53.6 million on its Consolidated Balance Sheets reflecting the fair value of such guarantees.

The Company continues to guarantee certain United Cinemas International Multiplex B.V. theater leases which are secured by bank guarantees provided by the buyer. The Company's guarantee totaled approximately $169.1 million at June 30, 2005. The Company also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theatres LLC and guarantees certain theater leases for approximately $11.4 million. The lease guarantees would only be triggered upon non-payment by the respective primary obligors. These guarantees are not recorded on the balance sheet as of June 30, 2005 as they were provided by the Company prior to the adoption of Financial Accounting Standards Board Interpretation No. 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). Additionally, in connection with the July 2005 divestiture of Famous Players, the Company's Canadian-based theater chain, the Company is evaluating the leases assigned to the buyer for potential liability under FIN 45.

Additionally, the Company has indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated $374.9 million at June 30, 2005 and are not recorded in the balance sheet as of June 30, 2005.

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

Legal Matters

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

Claims 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. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of June 30, 2005, the Company had pending approximately 104,700 asbestos claims, as compared with approximately 112,140 as of December 31, 2004 and approximately 116,180 as of June 30, 2004. Of the claims pending as of June 30, 2005, approximately 74,700 were pending in state courts, 27,470 in federal courts and approximately 2,530 were third party claims. During the second quarter of 2005, the Company received approximately 2,060 new claims and closed or moved to an inactive docket approximately 12,090 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs (recovery) 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 the Company's total costs in 2003, the Company's total costs after insurance recoveries and net of tax benefits would have been $56.6 million. The Company's costs for settlement and defense of asbestos claims may vary 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 June 30, 2005. In a substantial number of the pending claims, the plaintiff has not yet identified the claimed injury.

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

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

Antitrust. In July 2002, judgment was entered in favor of the Company, Blockbuster, Paramount Home Entertainment and other major motion picture studios and their home video subsidiaries with respect to a complaint filed in the United States District Court for the Western District of Texas. The complaint included federal antitrust and California state law claims. In August 2003, the Fifth Circuit Court of Appeals affirmed the federal court judgment. The Supreme Court of the United States refused plaintiffs' petition for writ of certiorari in March 2004. In February 2003, a similar complaint that had been filed in a Los Angeles County Superior Court was also dismissed with prejudice. The plaintiffs have appealed the California state court dismissal, as well as a prior denial of class certification. As a result of the split-off of Blockbuster in 2004, any judgment in this matter adverse to the Company, Blockbuster and/or Paramount Home Entertainment will be allocated 33.33% to Blockbuster and 66.67% to the Company. The Company believes that the plaintiffs' positions in these litigations are without merit and intends to continue 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, the Company believes that all of the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows.

Related Parties

National Amusements, Inc. ("NAI") is a closely held corporation that beneficially owned the Company's Class A Common Stock, representing approximately 71% of the voting power of all classes of the Company's Common Stock, and approximately 12% of the Company's Class A Common Stock and Class B Common Stock on a combined basis at June 30, 2005. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Chairman of the Board of Directors and Chief Executive Officer of the Company. On October 28, 2004, the Company entered into an agreement (the "NAIRI Agreement") with NAI and NAIRI, Inc. ("NAIRI"), a wholly owned subsidiary of NAI, pursuant to which the Company 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 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 the Company's $8.0 billion stock purchase program announced in October 2004. Pursuant to this agreement, Viacom recorded the purchase of 7.8 million shares of Viacom Class B Common Stock from NAIRI for $276.9 million for the six months ended June 30, 2005, of which approximately $110.4 million was spent in the second quarter to purchase 3.3 million shares.

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios including Paramount Pictures. During the six months ended June 30, 2005 and June 30, 2004, respectively, NAI made payments to Paramount Pictures in the aggregate amounts of $4.0 million and $3.1 million.

The Company owns approximately 17% in Westwood One, Inc. ("Westwood One"), which is treated as an equity investment. Most of the Company's radio stations are affiliated with Westwood One, and Westwood One distributes nationally certain of the Company's radio programming. In connection with these arrangements, the Company receives affiliation fees as well as programming cost reimbursements and in certain instances, shares in revenue from the sale by Westwood One of Infinity's programming. In addition, certain employees of Infinity serve as officers of Westwood One for which the Company receives a management fee. CBS Television and Cable Networks also enter into programming agreements with Westwood One. Revenues from these arrangements were approximately $20.8 million and $21.6 million for the three months ended June 30, 2005 and 2004, respectively and $42.9 million and $44.5 million for the six months ended June 30, 2005 and 2004, respectively.

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

Recent Pronouncements

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

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

Cautionary Statement Concerning Forward-Looking Statements

This quarterly report on Form 10-Q, including "Item 2—Management's Discussion and Analysis of Results of Operations and Financial Condition," contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. These forward-looking statements generally can be identified by the use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will" or other similar words or phrases. Similarly, statements that describe the Company's objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements. These risks, uncertainties and other factors include, among others: advertising market conditions generally; changes in the public acceptance of the Company's programming; changes in technology and its effect on competition in the Company's markets; whether the proposed separation of the Company into two publicly traded companies will occur and, if it does occur, whether such separation will achieve anticipated results; changes in the Federal Communications laws and regulations; the impact of piracy on the Company's products; the impact of consolidation in the market for the Company's programming; other domestic and global economic, business, competitive and/or regulatory factors affecting the Company's businesses generally; and other factors described in the Company's filings made under the securities laws, including, among others, those set forth under "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended December 31, 2004. There may be additional risks, uncertainties and factors that the Company does not currently view as material or that are not necessarily known. The forward-looking statements included in this document are made only as of the date of this document and the Company does not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no significant changes to market risk since reported in the Company's Annual Report of Form 10-K for the year ended December 31, 2004.

Item 4. Controls and Procedures.

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

In the second quarter of 2005, MTV Networks implemented a new general ledger application and a new financial reporting application. The Company reviewed the applications as they were being implemented and the internal controls over financial reporting affected by the implementation of the new applications. Where appropriate, internal controls over financial reporting have been added or modified to address the changes made during implementation. No other change in the Company's internal control over financial reporting occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Below is a summary of Viacom Inc.'s purchases of its Class B Common Stock during the three months ended June 30, 2005 under its $8.0 billion stock purchase program publicly announced on October 28, 2004 under which the Company is authorized to acquire from time to time up to $8 billion in Viacom Class A Common Stock and non-voting Class B Common Stock. There were no purchases of Viacom Class A Common Stock during the three months ended June 30, 2005.

	Total Number of Shares Purchased	Average Price Per Share	Total Cost of Purchase	Remaining Authorization
(In millions, except per share amounts)				
March 31, 2005				$ 4,595.8
April 1, 2005 — April 30, 2005	6.5	$ 35.02	$ 227.7	$ 4,368.1
May 1, 2005 — May 31, 2005	6.8	$ 34.98	$ 237.3	$ 4,130.8
June 1, 2005 — June 30, 2005	14.7	$ 33.56	$ 493.2	$ 3,637.6
	28.0	$ 34.24	$ 958.2	

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

The Annual Meeting of Stockholders of Viacom Inc. was held on May 26, 2005. The following matters were voted on at the meeting: (i) the election of 12 directors, (ii) the ratification of the appointment of PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm for Viacom Inc. for fiscal year 2005, (iii) the approval of the amended and restated Viacom Inc. Senior Executive Short-Term Incentive Plan and (iv) the approval of the Viacom Inc. 2005 RSU Plan for Outside Directors.

(i) The entire nominated board of directors was elected and the votes cast for or withheld with respect to the election of each director were as follows:

Name	Number of Votes Cast For	Number of Votes Withheld
George S. Abrams	115,583,030	5,391,421
David R. Andelman	116,291,395	4,683,055
Joseph A. Califano, Jr.	119,574,853	1,399,597
William S. Cohen	119,587,158	1,387,293
Philippe P. Dauman	116,250,385	4,724,065
Alan C. Greenberg	116,248,268	4,726,183
Charles Phillips, Jr.	119,593,546	1,380,904
Shari Redstone	116,188,809	4,785,641
Sumner M. Redstone	116,357,291	4,617,159
Frederic V. Salerno	114,593,260	6,381,190
William Schwartz	114,716,048	6,258,402
Robert D. Walter	115,083,193	5,891,258

(ii) The votes cast for, against or abstaining with respect to the ratification of the appointment of PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm for Viacom Inc. for fiscal 2005 were as follows:

For:	Against:	Abstentions:
120,556,440	272,679	145,330

(iii) The votes cast for, against or abstaining with respect to the approval of the amended and restated Viacom Inc. Senior Executive Short-Term Incentive Plan were as follows:

For:	Against:	Abstentions:
117,838,781	2,955,545	177,299

(iv) The votes cast for, against or abstaining and the broker non-votes with respect to the approval of the Viacom Inc. 2005 RSU Plan for Outside Directors were as follows:

For:	Against:	Abstentions:	Broker Non-Votes:
100,864,017	6,310,218	295,253	13,504,963

Item 6. Exhibits.

Exhibit No.		Description of Document
(3)		**Articles of Incorporation and By-laws**
	(a)	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. for the fiscal year ended December 31, 2004) (File No. 001-09553).
	(b)	Amended and Restated By-laws 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).
(4)		**Instruments defining the rights of security holders including indentures**
	(a)	Specimen certificate representing Viacom Inc. Class A Common Stock (incorporated by reference to Exhibit 4(a) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
	(b)	Specimen certificate representing Viacom Inc. Class B Common Stock (incorporated by reference to Exhibit 4(b) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
	(c)	The instruments defining the rights of holders of the long-term debt securities of Viacom Inc. and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. Viacom Inc. hereby agrees to furnish copies of these instruments to the Securities and Exchange Commission upon request.

(10) Material Contracts

(a) $2.5 Billion 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).

(b) Amendment No. 1, 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), to $3.0 Billion 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).

(c) Amendment No. 4, 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), to $1.5 Billion 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) (File No. 001-09553), as amended by Amendment No. 1, 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, dated as of February 28, 2003 (incorporated by reference to Exhibit 10(ee) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553), and Amendment No. 3, 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).

(d) 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 17, 2005), amending the 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).

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(12) Statement Regarding Computation of Ratios (filed herewith)

(31) Rule 13a-14(a)/15d-14(a) Certifications

(a) Certification of the Chief Executive Officer of Viacom Inc. pursuant to Rule 13a-14(a), or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

(b) Certification of the Chief Financial Officer of Viacom Inc. pursuant to Rule 13a-14(a), or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

(32) Section 1350 Certifications

(a) Certification of the Chief Executive Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VIACOM INC.
(Registrant)

Date: August 5, 2005

/s/ MICHAEL J. DOLAN

Michael J. Dolan
Executive Vice President
Chief Financial Officer

Date: August 5, 2005

/s/ SUSAN C. GORDON

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

EXHIBIT INDEX

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Exhibit 10(g)

Summary of Viacom Inc. Compensation for Outside Directors
(As of July 20, 2005)

Cash Compensation

- An annual retainer of $60,000, payable in equal installments quarterly in advance, plus a per meeting attendance fee of $2,000;

- The Chairs of the Audit, Compensation, Strategic Planning and Ad Hoc Committees each receive an annual retainer of $20,000, payable in equal installments quarterly in advance, and the members of those committees receive a per meeting attendance fee of $2,000;

- The Chair of the Nominating and Governance Committee receives an annual retainer of $15,000, payable in equal installments quarterly in advance, and the members of that committee receive a per meeting attendance fee of $1,500;

- The Lead Independent Director receives an annual fee of $50,000, payable in equal installments quarterly in advance from the date of his or her appointment; and

- The members of the Special Separation Committee will receive a one-time fee of $30,000 upon consummation of the transaction to create two separate publicly traded companies.

Outside directors may elect to defer their cash compensation under the Viacom Inc. Deferred Compensation Plan for Non-Employee Directors, or any successor plan.

Equity Compensation

Stock Options:

- an initial grant of 10,000 stock options to purchase shares of Class B common stock on the date the director first joins the Board or becomes an outside director, which options vest one year from the date of grant; and

- an annual grant of 4,000 stock options to purchase shares of Class B common stock on January 31 of each year, which options vest in equal installments over a period of three years.

The exercise price of the stock options is the closing price of Viacom's Class B common stock on the New York Stock Exchange (NYSE) on the date of grant.

Restricted Share Units (RSUs):

- an initial grant of RSUs on May 26, 2005 (the date stockholder approval of the Viacom Inc. 2005 RSU Plan for Outside Directors was first received) equal to $55,000 in value based on the closing price of the Class B common stock on the NYSE on such date, which RSUs vest one year from the date of grant; and

- an annual grant of RSUs on January 31st of each year equal to $55,000 in value based on the closing price of the Class B common stock on the NYSE on the date of grant, which RSUs vest one year from the date of grant.

RSUs are payable to outside directors in shares of Class B common stock upon vesting unless the outside director elects to defer settlement of the RSUs to a future date. Outside directors are entitled to receive dividend equivalents on the RSUs in the event the Company pays a regular cash dividend on its Class B common stock. 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 are payable in shares of Class B common stock, with fractional shares paid in cash.

Exhibit 10(h)

VIACOM INC.
2000 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS
(As Amended and Restated as of June 14, 2005)

ARTICLE I
GENERAL

Section 1.1 Purpose.

The purpose of the Viacom Inc. 2000 Stock Option Plan for Outside Directors (the "Plan") is to benefit and advance the interests of Viacom Inc., a Delaware corporation (the "Company"), and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries. The Plan replaces the Viacom Inc. Stock Option Plan for Outside Directors and the Viacom Inc. 1994 Stock Option Plan for Outside Directors (the "Predecessor Plans"). From and after the Effective Date of the Plan as provided in Article VI below, no further awards shall be made under the Predecessor Plans.

Section 1.2 Definitions.

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

(a) "Annual Grant" shall have the meaning set forth in Section 2.1.

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

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

(d) "Date of Grant" shall have the meaning set forth in Section 2.1.

(e) "Effective Date" shall mean the effective date of the Plan provided for in Article VI below.

(f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, including any successor law thereto.

(g) "Fair Market Value" of a share of Class B Common Stock on a given date shall be the closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by The Wall Street Journal (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company.

(h) "Initial Grant" shall have the meaning set forth in Section 2.1.

(i) "Outside Director" shall mean any member of the Board who is not an employee of the Company or any of its subsidiaries.

(j) "Participant" shall mean any Outside Director to whom Stock Options have been granted under the Plan.

(k) "Predecessor Plans" shall have the meaning set forth in Section 1.1 above.

(l) "Stock Option" shall mean a contractual right granted to a Participant under the Plan to purchase shares of Class B Common Stock or other securities at such time and price, and subject to the terms and conditions, as are set forth in the Plan.

Section 1.3 Administration of the Plan.

The Plan shall be administered by the members of the Board who are not Outside Directors and such Board members shall determine all questions of interpretation, administration and application of the Plan. The Board may authorize any officer of the Company to execute and deliver a stock option certificate on behalf of the Company to a Participant.

Section 1.4 Eligible Persons.

Stock Options shall be granted only to Outside Directors.

Section 1.5 Class B Common Stock Subject to the Plan.

Subject to adjustment in accordance with the provisions of Article III hereof, the maximum number of shares of Class B Common Stock which may be issued under the Plan shall be 1,000,000 shares. The shares of Class B Common Stock shall be made available from authorized but unissued Class B Common Stock or from Class B Common Stock issued and held in the treasury of the Company. Exercise of Stock Options in any manner shall result in a decrease in the number of shares of Class B Common Stock which thereafter may be issued for purposes of this Section 1.5, by the number of shares as to which the Stock Options are exercised. Shares of Class B Common Stock with respect to which Stock Options expire or are cancelled without being exercised or are otherwise terminated, may be regranted under the Plan.

ARTICLE II

PROVISIONS APPLICABLE TO STOCK OPTIONS

Section 2.1 Grants of Stock Options.

Each person who is elected as or who becomes an Outside Director, in each case for the first time on or subsequent to the Effective Date, shall be granted Stock Options to purchase 10,000 shares of Class B Common Stock (an "Initial Grant"), on the date of such individual's election or appointment to the Board or on the date such person first becomes an Outside Director, as appropriate (the "Date of Grant" of such Stock Options). Each person who is an Outside Director on August 1, 2000, January 31, 2001 and each January 31st thereafter through and including January 31, 2010 (each, the "Date of Grant" of the respective Stock Options) shall be granted additional Stock Options to purchase the following number of shares of Class B Common Stock (each, an "Annual Grant"): (i) Annual Grants awarded before May 21, 2003 shall be for 3,000 shares of Class B Common Stock; and (ii) Annual Grants awarded after May 21, 2003 shall be for 4,000 shares of Class B Common Stock. Each Initial Grant and each Annual Grant shall be subject to the terms and conditions set forth in the Plan and shall have an option price per share equal to the Fair Market Value of a share of Class B Common Stock on the Date of Grant or, if the Date of Grant is not a business day on which the Fair Market Value can be determined, on the last business day preceding the Date of Grant on which the Fair Market Value can be determined. All Stock Options granted under the Plan shall be "Non-Qualified Stock Options" which do not meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. The terms and conditions of the Stock Options shall be set forth in an option certificate which shall be delivered to the Participant reasonably promptly following the Date of Grant of such Stock Options.

Section 2.2 Exercise of Stock Options.

(a) *Exercisability.* Stock Options shall be exercisable only to the extent the Participant is vested therein. Subject to Section 2.2(c), each Initial Grant of Stock Options under the Plan shall vest and become exercisable on the first anniversary of the Date of Grant. Subject to Section 2.2(c), each Annual Grant shall vest and become exercisable as follows: (i) for Annual Grants awarded before May 21, 2003, on the first anniversary of the Date of Grant; and (ii) for Annual Grants awarded after May 21, 2003, in three equal annual installments, on the first, second and third anniversaries of the Date of Grant.

(b) *Option Period*.

(i) *Latest Exercise Date*. No Stock Option granted under the Plan shall be exercisable after the tenth anniversary of the Date of Grant thereof.

(ii) *Registration Restrictions*. Any attempt to exercise a Stock Option or to transfer any shares issued upon exercise of a Stock Option by any Participant shall be void and of no effect, unless and until (A) a registration statement under the Securities Act of 1933, as amended, has been duly filed and declared effective pertaining to the shares of Class B Common Stock subject to such Stock Option, and the shares of Class B Common Stock subject to such Stock Option have been duly qualified under applicable federal or state securities or blue sky laws or (B) the Board, in its sole discretion, determines, or the Participant desiring to exercise such Stock Options, upon the request of the Board, provides an opinion of counsel satisfactory to the Board, that such registration or qualification is not required as a result of the availability of any exemption from registration or qualification under such laws. Without limiting the foregoing, if at any time the Board shall determine, in its sole discretion, that the listing, registration or qualification of the shares of Class B Common Stock under any federal or state law or on any securities exchange or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, delivery or purchase of such shares pursuant to the exercise of a Stock Option, such Stock Option shall not be exercisable in whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board.

(c) *Exercise in the Event of Termination of Services*.

(i) *Termination other than for Death or Disability*. If the services of a Participant as a director of the Company terminate for any reason other than for death or disability, the Participant may exercise his or her Stock Options until the first anniversary of the date of such termination, but only to the extent such Stock Options were vested on the termination date, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). Upon a termination described in this Section 2.2(c)(i), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(ii) *Death*. If a Participant dies while serving as a director, his or her Stock Options may be exercised by any person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution until the first anniversary of the date of death, but only to the extent such Stock Options were vested on the date of death, subject to earlier expiration of such

Stock Options pursuant to Section 2.2(b)(i). All rights with respect to Stock Options that are not vested as of the date of death will terminate on such date of death.

(iii) *Permanent Disability*. If the services of Participant as a director of the Company terminate by reason of permanent disability, the Participant may exercise his or her Stock Options until the first anniversary of the date of such termination, but only to the extent such Stock Options were vested on the termination date, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). Upon a termination described in this Section 2.2(c)(iii), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(d) *Payment of Purchase Price Upon Exercise*. Every share of Class B Common Stock purchased through the exercise of a Stock Option shall be paid for in full in cash (*e.g.*, personal bank check, certified check or official bank check) on or before the settlement date for such share of Class B Common Stock. In addition, the Participant shall make an arrangement acceptable to the Company to pay to the Company an amount sufficient to satisfy the combined federal, state and local withholding tax obligations which arise in connection with exercise of such Stock Options.

ARTICLE III

EFFECT OF CERTAIN CORPORATE CHANGES

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization or reclassification that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to (i) the number and kind of securities subject to any Stock Options, (ii) the exercise price of any Stock Options, (iii) the number and kind of securities subject to the Initial Grants and the Annual Grants referred to in Section 2.1, and (iv) the maximum number and kind of securities available for issuance under the Plan referred to in Section 1.5, in each case, as it deems appropriate. The Board may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits intended to be made available hereunder upon the occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants.

ARTICLE IV

MISCELLANEOUS

Section 4.1 No Right to Re-election.

Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for re-election by the Company's stockholders, nor confer upon any Participant the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

Section 4.2 Restriction on Transfer.

The rights of a Participant with respect to the Stock Options shall not be transferable by the Participant to whom such Stock Options are granted, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, *provided, however,* that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

Section 4.3 Stockholder Rights.

No grant of Stock Options under the Plan shall entitle a Participant, a Participant's estate or a permitted transferee to any rights of a holder of shares of Class B Common Stock, except upon the delivery of share certificates to a Participant, the Participant's estate or the permitted transferee upon exercise of a Stock Option.

Section 4.4 No Restriction on Right of Company to Effect Corporate Changes.

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 4.5 Exercise Periods Following Termination of Services.

For the purposes of determining the dates on which Stock Options may be exercised following a termination of services or the death or disability of a Participant, the day following the date of such event shall be the first day of the exercise period and the Stock Options may be exercised up to and including the last business day falling within the exercise period. Thus, if the last day of the exercise period is not a business day, then the last date the Stock Options may be exercised is the last business day preceding the end of the exercise period. At the end of the relevant exercise period, each unexercised Stock Option shall expire.

Section 4.6 Headings.

The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 4.7 Governing Law.

The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

ARTICLE V

AMENDMENT AND TERMINATION

Section 5.1 General.

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, including, without limitation, amending the provisions for determining the amount of Stock Options to be issued to an Outside Director, *provided, however*, that any amendment which under the requirements of applicable law or under the rules of the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed must be approved by the stockholders of the Company shall not be effective unless and until such stockholder approval has been obtained in compliance with such law or rule; and no termination, suspension, alteration or amendment of the Plan that would adversely affect a Participant's rights under the Plan with respect to any award of Stock Options made prior to such action shall be effective as to such Participant unless he or she consents thereto.

Section 5.2 Amendment and Restatement.

Stockholder approval for this amended and restated Plan, which was approved by the Board on June 14, 2005 shall be sought at the first annual meeting of stockholders following such date. In the event that stockholder approval is not obtained at or before such time, the Plan shall remain in effect in the form in which it existed prior to the June 14, 2005 amendment and restatement.

ARTICLE VI

EFFECTIVE DATE

The Effective Date of the Plan is May 25, 2000 and stockholder approval was obtained at the first annual meeting of stockholders following such date. Unless earlier terminated in accordance with Article V above, the Plan shall terminate on the tenth anniversary of the Effective Date, and no further Stock Options may be granted hereunder after such date. No further awards shall be made under the Predecessor Plans after the Effective Date. Awards outstanding under the Predecessor Plans shall remain outstanding after the Effective Date subject to the terms thereof.

Exhibit 10(h)(i)

Initial Grant Form

STOCK OPTION CERTIFICATE
for Stock Option Grant
Under the Viacom Inc.
2000 Stock Option Plan for Outside Directors
(As Amended and Restated as of June 14, 2005)

This **STOCK OPTION CERTIFICATE** sets forth the terms of the [Date of Grant] grant of a stock option to [Name of Director] (the "*Director*") by Viacom Inc., a Delaware corporation (the "*Company*"), under the Viacom Inc. 2000 Stock Option Plan for Outside Directors, as amended and restated as of June 14, 2005 (the "*Plan*").

WITNESSETH:

WHEREAS, the Company has adopted the Plan for the purpose of obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries; and

WHEREAS, the Plan provides for the automatic grant of a non-qualified option for 10,000 shares of the Company's Class B Common Stock, par value $0.01 per share (the "*Class B Common Stock*"), at the time each person who is not an employee of the Company or any of its subsidiaries (an "*Outside Director*") is elected as or becomes an Outside Director, in each case for the first time on or subsequent to the Effective Date of the Plan (as defined in the Plan); and

WHEREAS, the Director is an Outside Director eligible for an automatic grant under the terms and conditions of the Plan.

TERMS OF STOCK OPTIONS

1. ***Grant of Stock Option***. Subject to the terms and conditions contained in this Certificate and in the Plan, the terms of which are incorporated herein by reference, the Company hereby grants to the Director, effective as of [Date of Grant] (the "*Date of Grant*"), the option (the "*Stock Option*") for 10,000 shares of Class B Common Stock at an exercise price of $[Exercise Price] for each share (the "*Exercise Price*"), which is equal to the Fair Market Value (as defined below) of a share of Class B Common Stock on the Date of Grant. The "Fair Market Value" of a share of Class B Common Stock on a given date shall be the closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by the The Wall Street Journal (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company. The Stock Option is **not** intended to be, or qualify as, an "Incentive Stock Option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. ***Vesting; Exercise***. The Stock Option shall vest on the first anniversary of the Date of Grant. The Stock Option may be exercised until the tenth anniversary of the Date of Grant (the "*Expiration Date*"). In the event that (i) the services of the Director as a director of the Company terminate for any reason other than for death or permanent disability, the Director may exercise the Stock Option, if it was vested on such termination date, until the earlier of the first anniversary of such termination date or the Expiration Date, (ii) the Director dies while serving as a director, if the Stock Option was vested on the date of death, it may be exercised by the person who acquired the right to exercise the Stock Option by will or the laws of descent and distribution until the earlier of the first anniversary of the date of death or the Expiration Date, and (iii) the services of the Director as a director of the Company terminate by reason of permanent disability, the Director may exercise the Stock Option, if it was vested when his or her services terminated, until the earlier of the first anniversary of such termination or the Expiration Date. Upon the occurrence of an event described in clauses (i), (ii) or (iii), if the Stock Option was not vested on the date of such event, it will be relinquished.

3. ***Method of Exercise***. The Director may exercise the Stock Option, if vested, at one time or in part (provided that the Stock Option must be exercised in a minimum increment of 500 shares or in its entirety if less than 500 shares) by written notice to the Administrator, Long-Term Incentive Plans, Viacom Inc., 1515 Broadway, New York, New York 10036, or to such agent(s) for the Company ("Agent") as the Company may from time to time specify, in such manner and at such address as may be specified from time to time by the Company. If exercised in part, the Stock Option shall remain exercisable as to any remaining underlying shares for the remainder of the period set forth in paragraph 2. Such notice shall (i) state the number of shares to be purchased pursuant to the Stock Option, and (ii) be signed (or otherwise authorized in a manner acceptable to the Company) by the person or persons so exercising the Stock Option and, in the event the Stock Option is being exercised by any person or persons other than the Director, accompanied by proof satisfactory to the Company's counsel of the right of such person or persons to exercise the Stock Option. Full payment of the aggregate Exercise Price, which shall be determined by multiplying the number of shares of Class B Common Stock to be acquired upon exercise of the Stock Option by the Exercise Price, shall be made on or before the settlement date for such shares of Class B Common Stock. Such Exercise Price shall be paid in cash. Upon satisfaction of the foregoing conditions, the Company shall deliver (or cause to be delivered) a certificate or certificates for the shares of Class B Common Stock issued pursuant to the exercise of the Stock Option to the Director. Information concerning any Agent and its address may by obtained by contacting the Administrator, Long-Term Incentive Plans.

4. ***Effect of Certain Corporate Changes***. In the event of any merger, consolidation, stock split, dividend, distribution, combination, recapitalization or reclassification that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to the number and kind of securities subject to the Stock Option and the exercise price of the Stock Option, as it deems appropriate. The Board may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits intended to be made available hereunder upon the

occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding.

5. ***Miscellaneous***.

(a) Restriction on Transfer. The rights of the Director with respect to the Stock Option shall not be transferable by the Director, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Director's immediate family or trusts whose beneficiaries are members of the Director's immediate family, *provided*, *however*, that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

(b) Stockholder Rights. This grant of the Stock Option does not entitle the Director to any rights of a holder of shares of Class B Common Stock, except upon the delivery of share certificates to the Director upon exercise of the Stock Option.

(c) No Right to Re-election. Nothing in this Certificate shall be deemed to create any obligation on the part of the Board to nominate any of its members for reelection by the Company's stockholders, nor confer upon the Director the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

(d) Exercise Periods Following Termination of Services. For the purposes of determining the dates on which the Stock Option may be exercised following a termination of services or the death or disability of the Director, the day following the date of such event shall be the first day of the exercise period and the Stock Option may be exercised up to and including the last business day falling within the exercise period.

6. ***Governing Law***. This Certificate and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

VIACOM INC.

By: ____________________________

Name: William A. Roskin
Title: Executive Vice President, Human Resources and Administration

Exhibit 10(h)(ii)

Annual Grant Form

STOCK OPTION CERTIFICATE
for Stock Option Grant
Under the Viacom Inc.
2000 Stock Option Plan for Outside Directors
(As Amended and Restated as of June 14, 2005)

This **STOCK OPTION CERTIFICATE** sets forth the terms of the [Date of Grant] grant of a stock option to [Name of Director] (the "*Director*") by Viacom Inc., a Delaware corporation (the "*Company*"), under the Viacom Inc. 2000 Stock Option Plan for Outside Directors, as amended and restated as of June 14, 2005 (the "*Plan*").

WITNESSETH:

WHEREAS, the Company has adopted the Plan for the purpose of obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries; and

WHEREAS, the Plan provides for the automatic grant on an annual basis on each January 31st of a non-qualified option for 4,000 shares of the Company's Class B Common Stock, par value $0.01 per share (the *"Class B Common Stock"),* to each person (i) who is a member of the Board on the date of grant, and (ii) who is not an employee of the Company or any of its subsidiaries (an *"Outside Director") ;* and

WHEREAS, the Director is an Outside Director eligible for an automatic grant under the terms and conditions of the Plan.

TERMS OF STOCK OPTIONS

1. ***Grant of Stock Option***. Subject to the terms and conditions contained in this Certificate and in the Plan, the terms of which are incorporated herein by reference, the Company hereby grants to the Director, effective as of [Date of Grant] (the "*Date of Grant*"), the option (the "*Stock Option*") for 4,000 shares of Class B Common Stock at an exercise price of $[Exercise Price] for each share (the "*Exercise Price*"), which is equal to the Fair Market Value (as defined below) of a share of Class B Common Stock on the Date of Grant. The "Fair Market Value" of a share of Class B Common Stock on a given date shall be the closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by the The Wall Street Journal (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company. The Stock Option is **not** intended to be, or qualify as, an "Incentive Stock Option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. ***Vesting; Exercise***. The Stock Option shall vest in three equal installments, on the first, second and third anniversaries of the Date of Grant. The Stock Option may be exercised until the tenth anniversary of the Date of Grant (the "*Expiration Date*"). In the event that (i) the services of the Director as a director of the Company terminate for any reason other than for death or permanent disability, the Director may exercise the Stock Option, to the extent it was vested on such termination date, until the earlier of the first anniversary of such termination date or the Expiration Date, (ii) the Director dies while serving as a director, it may be exercised, to the extent it was vested on the date of death, by the person who acquired the right to exercise the Stock Option by will or the laws of descent and distribution until the earlier of the first anniversary of the date of death or the Expiration Date, and (iii) the services of the Director as a director of the Company terminate by reason of permanent disability, the Director may exercise the Stock Option, to the extent it was vested when his or her services terminated, until the earlier of the first anniversary of such termination or the Expiration Date. Upon the occurrence of an event described in clauses (i), (ii) or (iii), if the Stock Option was not fully vested on the date of such event, the portion that was not vested will be relinquished.

3. ***Method of Exercise***. The Director may exercise the Stock Option, to the extent vested, at one time or in part (provided that the Stock Option must be exercised in a minimum increment of 500 shares or in its entirety if less than 500 shares) by written notice to the Administrator, Long-Term Incentive Plans, Viacom Inc., 1515 Broadway, New York, New York 10036, or to such agent(s) for the Company ("Agent") as the Company may from time to time specify, in such manner and at such address as may be specified from time to time by the Company. If exercised in part, the Stock Option shall remain exercisable as to any remaining underlying shares for the remainder of the period set forth in paragraph 2. Such notice shall (i) state the number of shares to be purchased pursuant to the Stock Option, and (ii) be signed (or otherwise authorized in a manner acceptable to the Company) by the person or persons so exercising the Stock Option and, in the event the Stock Option is being exercised by any person or persons other than the Director, accompanied by proof satisfactory to the Company's counsel of the right of such person or persons to exercise the Stock Option. Full payment of the aggregate Exercise Price, which shall be determined by multiplying the number of shares of Class B Common Stock to be acquired upon exercise of the Stock Option by the Exercise Price, shall be made on or before the settlement date for such shares of Class B Common Stock. Such Exercise Price shall be paid in cash. Upon satisfaction of the foregoing conditions, the Company shall deliver (or cause to be delivered) a certificate or certificates for the shares of Class B Common Stock issued pursuant to the exercise of the Stock Option to the Director. Information concerning any Agent and its address may by obtained by contacting the Administrator, Long-Term Incentive Plans.

4. ***Effect of Certain Corporate Changes***. In the event of any merger, consolidation, stock split, dividend, distribution, combination, recapitalization or reclassification that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to the number and kind of securities subject to the Stock Option and the exercise price of the Stock Option, as it deems appropriate. The Board may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits intended to be made available hereunder upon the

occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding.

5. ***Miscellaneous***.

(a) Restriction on Transfer. The rights of the Director with respect to the Stock Option shall not be transferable by the Director, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Director's immediate family or trusts whose beneficiaries are members of the Director's immediate family, *provided*, *however*, that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

(b) Stockholder Rights. This grant of the Stock Option does not entitle the Director to any rights of a holder of shares of Class B Common Stock, except upon the delivery of share certificates to the Director upon exercise of the Stock Option.

(c) No Right to Re-election. Nothing in this Certificate shall be deemed to create any obligation on the part of the Board to nominate any of its members for reelection by the Company's stockholders, nor confer upon the Director the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

(d) Exercise Periods Following Termination of Services. For the purposes of determining the dates on which the Stock Option may be exercised following a termination of services or the death or disability of the Director, the day following the date of such event shall be the first day of the exercise period and the Stock Option may be exercised up to and including the last business day falling within the exercise period.

6. ***Governing Law***. This Certificate and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

VIACOM INC.

By: ______________________

Name: William A. Roskin
Title: Executive Vice President, Human Resources and Administration

Exhibit 10(j)

VIACOM INC.
2005 RSU PLAN FOR OUTSIDE DIRECTORS
(As Amended and Restated as of June 14, 2005)

ARTICLE I
GENERAL

Section 1.1 Purpose.

The purpose of the Viacom Inc. 2005 RSU Plan for Outside Directors (the "Plan") is to benefit and advance the interests of Viacom Inc., a Delaware corporation (the "Company"), and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries.

Section 1.2 Definitions.

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

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

(b) "Annual RSU Grant" shall have the meaning set forth in Section 2.1.

(c) "Award" shall mean any Director RSU or Dividend Equivalent.

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

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

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto, and the rules and regulations promulgated thereunder from time to time.

(g) "Company" shall have the meaning set forth in Section 1.1.

(h) "Director RSUs" shall mean a contractual right granted to a Participant pursuant to Article II to receive shares of Class B Common Stock, subject to the terms and conditions set forth in the Plan. Director RSUs shall be settled exclusively in Class B Common Stock, with fractional shares payable in cash. Director RSUs include both the Initial RSU Grants and the Annual RSU Grants.

(i) "Dividend Equivalent" shall mean a right to receive a payment based upon the value of the regular cash dividend paid on a specified number of shares of Class B Common Stock as set forth in Article III below. Payment in respect of Dividend Equivalents upon settlement shall be in shares of Class B Common Stock except as set forth in Article III below.

(j) "Effective Date" shall mean the effective date of the Plan provided for in Article VII below.

(k) "Fair Market Value" of a share of Class B Common Stock on a given date shall be the closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by The Wall Street Journal (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company.

(l) "Initial RSU Grant" shall have the meaning set forth in Section 2.1.

(m) "Outside Director" shall mean any member of the Board who is not an employee of the Company or any of its Subsidiaries.

(n) "Participant" shall mean any Outside Director to whom Awards have been granted under the Plan.

(o) "Plan" shall have the meaning set forth in Section 1.1.

(p) "Stock Option Plan" shall mean the Viacom Inc. 2000 Stock Option Plan for Outside Directors.

(q) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

Section 1.3 Administration of the Plan.

The Plan shall be administered by the members of the Board who are not Outside Directors and such Board members shall determine all questions of interpretation, administration and application of the Plan. Such Board members' determinations shall be final and binding in all matters relating to the Plan. The Board may authorize any officer of the Company to execute and deliver an Agreement on behalf of the Company to a Participant.

Section 1.4 Eligible Persons.

Awards shall be granted only to Outside Directors.

Section 1.5 Class B Common Stock Subject to the Plan.

Subject to adjustment in accordance with the provisions of Article IV hereof, the maximum number of shares of Class B Common Stock that may be issued under the Plan, when aggregated with the number of shares of Class B Common Stock that may be issued under the Stock Option Plan, shall be 1,000,000 shares. The shares of Class B Common Stock shall be made available from authorized but unissued shares of Class B Common Stock or from shares of Class B Common Stock issued and held in the treasury of the Company. The settlement of any Awards under the Plan in any manner shall result in a decrease in the number of shares of Class B Common Stock which thereafter may be issued for purposes of this Section 1.5 by the number of shares issued upon such settlement. Shares of Class B Common Stock with respect to which Awards lapse, expire or are cancelled without being settled or are otherwise terminated may be regranted under the Plan.

ARTICLE II
RESTRICTED SHARE UNITS

Section 2.1 Grants of Restricted Share Units.

(a) On the date of the Company's 2005 Annual Meeting of Stockholders, each Outside Director as of such date shall automatically be granted a number of Director RSUs determined by dividing (i) $55,000 by (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant (the "Initial RSU Grant"). The Initial RSU Grant is made in respect of the period from the date of the Company's 2005 Annual Meeting of Stockholders through January 31, 2006, and only persons who are Outside Directors as of the Company's 2005 Annual Meeting of Stockholders shall be entitled to receive the Initial RSU Grant. Thereafter, on January 31st of 2006 and each subsequent year, each Outside Director shall automatically be granted a number of Director RSUs determined by dividing (i) $55,000 by (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant (an "Annual RSU Grant"). With respect to the Initial RSU Grant and each Annual RSU Grant, if the relevant date of grant is not a business day on which the Fair Market Value can be determined, then the Fair Market Value shall be determined as of the last business day preceding the relevant date of grant on which the Fair Market Value can be determined. The terms and conditions of the Director RSUs shall be set forth in an Agreement which shall be delivered to the Participants reasonably promptly following the relevant date of grant of such Director RSUs.

(b) None of the Initial RSU Grant or the Annual RSU Grants shall be prorated and persons who become Outside Directors after the date of a particular Award shall first become eligible to receive an Award under the Plan as of the date of the next Annual RSU Grant.

Section 2.2 Vesting.

Director RSUs shall be settled only to the extent the Participant is vested therein. Subject to Section 2.3(b), the Initial RSU Grant and each Annual RSU Grant shall vest on the first anniversary of the relevant date of grant.

Section 2.3 Settlement of Restricted Share Units.

(a) *Settlement*. On the date on which Director RSUs vest, all restrictions contained in the Agreement covering such Director RSUs and in the Plan shall lapse as to such Director RSUs and the Director RSUs shall be payable in shares of Class B Common Stock, with any fractional shares payable in cash, and shall be evidenced in such manner as the Board in its discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of one or more stock certificates. If stock certificates are issued, such certificates shall be delivered to the Participant or such certificates shall be credited to a brokerage account if the Participant so directs; *provided*, *however*, that such certificates shall bear such legends as the Board, in its sole discretion, may determine to be necessary or advisable in order to comply with applicable federal or state securities laws. Any fractional shares of Class B Common Stock to which a Participant becomes entitled shall not be settled by delivery of shares but instead shall be paid in cash, based on the Fair Market Value of the Class B Common Stock on the date of payment.

(b) *Settlement in the Event of Termination of Services*. If the services of a Participant as a director of the Company terminate for any reason the Participant shall forfeit all unvested Director RSUs as of the date of such event.

(c) *Deferral of Settlement.* Notwithstanding Section 2.3(a), a Participant may elect to defer settlement of any or all Director RSUs to a date subsequent to the vesting date of such Director RSUs, *provided* that, with respect to each Annual RSU Grant, such election to defer is made no later than December 31 of the taxable year prior to the year in which the Outside Director performs the services for which such Director RSUs are granted and, with respect to the Initial RSU Grant, such election to defer is made within 30 days of the date of the Company's 2005 Annual Meeting of Stockholders. Settlement of any deferred Director RSUs shall be made in a single distribution or three or five annual installments in accordance with the Participant's deferral election. The single distribution or first annual installment, as applicable, will be payable on the later of (i) six months following the date of the Participant's termination of services on the Board for any reason or (ii) January 31 of the calendar year following the calendar year in which the Participant's services on the Board terminates for any reason.

ARTICLE III
DIVIDEND EQUIVALENTS

The Participant shall be entitled to receive Dividend Equivalents on the Director RSUs in the event the Company pays a regular cash dividend with respect to the shares of Class B Common Stock. The Company shall maintain a bookkeeping record that credits the dollar amount of the Dividend Equivalents to a Participant's account on the date that it pays such regular cash dividend on the shares of Class B Common Stock. Dividend Equivalents shall accrue on the Director RSUs until the Director RSUs vest, at which time they shall be paid in shares of Class B Common Stock determined by dividing (i) the aggregate amount credited in respect of such Dividend Equivalents by (ii) the Fair Market Value on the vesting date, with any fractional shares resulting from this calculation paid in cash. Payment of Dividend Equivalents that have been credited to the Participant's account will not be made with respect to any Director RSUs that do not vest and are cancelled.

In addition, if the Participant elects to defer settlement of the Director RSUs, such Director RSUs will continue to earn Dividend Equivalents on the deferred Director RSUs through the settlement date. All such Dividend Equivalents credited to the Participant's account with respect to deferred Director RSUs shall be converted, on the anniversary of the date on which the Director RSUs originally vested and on each anniversary thereof, as appropriate, until the Director RSUs are settled, into additional whole and/or fractional Director RSUs, based on the Fair Market Value of the Class B Common Stock on the respective dates. Such additional Director RSUs shall be deferred subject to the same terms and conditions as the Directors RSUs to which the Dividend Equivalents originally related.

ARTICLE IV
EFFECT OF CERTAIN CORPORATE CHANGES

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization, reclassification, reorganization, split-off or spin-off that changes the character or amount of the shares of Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to (i) the number and kind of securities subject to any outstanding Awards, (ii) the number and kind of securities subject to the Initial RSU Grant and the Annual RSU Grants referred to in Section 2.1, and (iii) the maximum number and kind of securities available for issuance under the Plan referred to in Section 1.5, in each case, as it deems appropriate. The Board may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits intended to be made available hereunder upon the occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the

Company and all Participants. Adjustments under this Article shall be conducted in a manner consistent with any adjustments under the Stock Option Plan.

ARTICLE V
MISCELLANEOUS

Section 5.1 No Right to Re-election.

Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for re-election by the Company's stockholders, nor confer upon any Participant the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

Section 5.2 Restriction on Transfer.

The rights of a Participant with respect to any Awards under the Plan shall not be transferable by the Participant to whom such Awards are granted, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, *provided*, *however*, that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

Section 5.3 Stockholder Rights.

No grant of an Award under the Plan shall entitle a Participant, a Participant's estate or a permitted transferee to any rights of a holder of shares of Class B Common Stock, except upon the delivery of share certificates to a Participant, the Participant's estate or the permitted transferee upon settlement of an Award.

Section 5.4 No Restriction on Right of Company to Effect Corporate Changes.

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the shares of Class B Common Stock or the rights thereof or which are convertible into or exchangeable for shares of Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 5.5 Headings.

The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 5.6 Governing Law.

The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

ARTICLE VI
AMENDMENT AND TERMINATION

Section 6.1 General.

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, including, without limitation, amend the provisions for determining the amount of Director RSUs to be issued to an Outside Director, *provided*, *however*, that any amendment which under the requirements of applicable law or under the rules of the New York Stock Exchange or other principal stock exchange on which the shares of Class B Common Stock are then listed must be approved by the stockholders of the Company shall not be effective unless and until such stockholder approval has been obtained in compliance with such law or rule; and no alteration, amendment, suspension or termination of the Plan that would adversely affect a Participant's rights under the Plan with respect to any Award made prior to such action shall be effective as to such Participant unless he or she consents thereto, *provided*, *however*, that no such consent shall be required if the Board determines in its sole discretion that any such alteration, amendment, suspension or termination is necessary or advisable to comply with any law, regulation, ruling, judicial decision or accounting standards or to ensure that Director RSUs or Dividend Equivalents are not subject to federal, state or local income tax prior to settlement.

Section 6.2 Amendment and Restatement.

Stockholder approval for this amended and restated Plan, which was approved by the Board on June 14, 2005, shall be sought at the first annual meeting of stockholders following such date. In the event that stockholder approval is not obtained at or before such time, the Plan shall remain in effect in the form in which it existed prior to the June 14, 2005 amendment and restatement.

ARTICLE VII
EFFECTIVE DATE

The Effective Date of the Plan is May 26, 2005, the date on which stockholder approval was first obtained at the Company's 2005 Annual Meeting of Stockholders. Unless earlier terminated in accordance with Article VI above, the Plan shall terminate on the fifth anniversary of the Effective Date, and no further Awards may be granted hereunder after such date.

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Exhibit 12

VIACOM INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS
(Tabualar in millions except ratios)

	Six Months Ended June 30,		Full Year				
	2005	2004	2004	2003	2002	2001	2000
Earnings (loss) before income taxes	$ 2,229.1	$ 2,107.5	$ (13,640.0)	$ 3,742.4	$ 3,431.1	$ 1,100.2	$ 656.0
Add:							
Distributions from affiliated companies	17.3	12.4	28.9	37.7	39.7	55.6	48.3
Interest expense, net of capitalized interest	364.9	367.0	744.4	774.9	847.2	968.6	821.8
Capitalized interest amortized	—	—	—	—	—	—	2.2
1/3 of rental expense	117.1	99.2	137.1	127.1	124.1	153.1	108.1
Total Earnings (loss)	$ 2,728.4	$ 2,586.1	$ (12,729.6)	$ 4,682.1	$ 4,442.1	$ 2,277.5	$ 1,636.4
Fixed charges:							
Interest expense, net of capitalized interest	$ 364.9	$ 367.0	$ 744.4	$ 774.9	$ 847.2	$ 968.6	$ 821.8
1/3 of rental expense	117.1	99.2	137.1	127.1	124.1	153.1	108.1
Total fixed charges	$ 482.0	$ 466.2	$ 881.5	$ 902.0	$ 971.3	$ 1,121.7	$ 929.9
Preferred Stock dividend requirements	—	—	—	—	—	—	—
Total fixed charges and Preferred Stock dividend requirements	$ 482.0	$ 466.2	$ 881.5	$ 902.0	$ 971.3	$ 1,121.7	$ 929.9
Ratio of earnings to fixed charges	5.7x	5.5x	Note a	5.2x	4.6x	2.0x	1.8x
Ratio of earnings to combined fixed charges and Preferred Stock dividend requirements	5.7x	5.5x	Note a	5.2x	4.6x	2.0x	1.8x

Note:

(a) Earnings are inadequate to cover fixed charges due to the 2004 non-cash impairment charge of $18.0 billion. The dollar amount of the cover deficiency is $13.6 billion in 2004.

Exhibit 31(a)

CERTIFICATION

I, Sumner M. Redstone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viacom Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2005

/s/ SUMNER M. REDSTONE

Sumner M. Redstone
Chairman and Chief Executive Officer

Exhibit 31(b)

CERTIFICATION

I, Michael J. Dolan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viacom Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2005

/s/ MICHAEL J. DOLAN

Michael J. Dolan
Executive Vice President and Chief Financial Officer

Exhibit 32(a)

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Viacom Inc. (the "Company") on Form 10-Q for the period ending June 30, 2005 as filed with the Securities and Exchange Commission (the "Report"), I, Sumner M. Redstone, Chief Executive Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SUMNER M. REDSTONE

Sumner M. Redstone
August 5, 2005

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(b)

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Viacom Inc. (the "Company") on Form 10-Q for the period ending June 30, 2005 as filed with the Securities and Exchange Commission (the "Report"), I, Michael J. Dolan, Chief Financial Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL J. DOLAN

Michael J. Dolan
August 5, 2005

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.