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 March 31, 1999

Commission file number 1-9553

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)

Registrant's telephone number, including area code (212) 258-6000

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

Number of shares of Common Stock Outstanding at April 30, 1999:

Class A Common Stock, par value $.01 per share - 140,236,542

Class B Common Stock, par value $.01 per share - 550,165,838

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 March 31,	
	1999	1998
Revenues	$2,951.1	$2,685.6
Expenses:		
Operating	1,952.1	1,804.2
Selling, general and administrative	524.4	421.2
Depreciation and amortization	197.1	186.8
Total expenses	2,673.6	2,412.2
Operating income	277.5	273.4
Other income (expense):		
Interest expense, net	(94.3)	(154.1)
Other items, net	(1.3)	3.6
Earnings from continuing operations before income taxes	181.9	122.9
Provision for income taxes	(97.3)	(67.8)
Equity in loss of affiliated companies, net of tax	(16.1)	(7.7)
Minority interest	(0.1)	0.2
Earnings from continuing operations	68.4	47.6
Loss from discontinued operations, net of tax (Note 5)	--	(46.2)
Net earnings before extraordinary loss	68.4	1.4
Extraordinary loss, net of tax	(23.5)	--
Net earnings	44.9	1.4
Cumulative convertible preferred stock dividend requirement	(0.4)	(15.0)
Premium on repurchase of preferred stock	(12.0)	--

Net earnings (loss) attributable to common stock	$ 32.5	$ (13.6)
Basic and diluted earnings (loss) per common share:		
Net earnings from continuing operations	$ 0.08	$ 0.05
Net earnings (loss)	$ 0.05	$ (0.02)
Weighted average number of common shares:		
Basic	696.1	710.5
Diluted	711.1	718.0

See notes to consolidated financial statements.

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

	March 31, 1999	December 31, 1998
Assets		
Current Assets:		
Cash and cash equivalents	$ 382.7	$ 767.3
Receivables, less allowances of $104.6 (1999) and $98.7 (1998)	1,444.3	1,759.1
Inventory (Note 6)	1,696.0	1,805.5
Other current assets	871.7	732.6
Total current assets	4,394.7	5,064.5
Property and equipment, at cost	4,679.1	4,537.0
Less accumulated depreciation	1,560.8	1,457.5
Net property and equipment	3,118.3	3,079.5
Inventory (Note 6)	2,595.9	2,470.8
Intangibles, at amortized cost	11,433.9	11,557.3
Other assets	1,510.6	1,441.0
	$23,053.4	$23,613.1
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	464.9	499.2
Accrued compensation	264.5	410.3
Participants' share, residuals and royalties payable	1,059.4	1,227.5
Income tax payable	155.0	526.5
Current portion of long-term debt (Note 7)	132.2	377.2
Accrued expenses and other	1,790.4	2,591.9
Total current liabilities	3,866.4	5,632.6
Long-term debt (Note 7)	5,612.9	3,813.4
Other liabilities	2,090.8	2,117.5
Commitments and contingencies (Note 8)		
Shareholders' Equity:		
Convertible Preferred Stock, par value $.01 per share; 200.0 shares authorized; 12.0 (1998) shares issued and outstanding	--	600.0
Class A Common Stock, par value $.01 per share; 200.0 shares authorized; 141.6 (1999) and 141.6 (1998) shares issued	1.4	1.4
Class B Common Stock, par value $.01 per share; 1,000.0 shares authorized; 592.9 (1999) and 591.9 (1998) shares issued	5.9	5.9
Additional paid-in capital	10,594.4	10,574.7
Retained earnings	1,958.9	1,932.9
Accumulated other comprehensive loss	(45.3)	(67.1)
	12,515.3	13,047.8
Less treasury stock, at cost; 39.1 (1999) and 38.5 shares (1998)	1,032.0	998.2
Total shareholders' equity	11,483.3	12,049.6
	$23,053.4	$23,613.1

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Three months ended March 31, 1999	1998
Net cash from operating activities:		
Net earnings	$ 44.9	$ 1.4
Adjustments to reconcile net earnings to net cash flow from operating activities:		
Depreciation and amortization	197.1	229.3
Change in operating assets and liabilities:		
Decrease in receivables	314.8	436.4
Increase in inventory and related programming liabilities, net	(115.2)	(19.6)
Increase in prepaid expenses and other current assets	(132.3)	(42.1)
Decrease in unbilled receivables	13.6	25.8
Decrease in accounts payable and accrued expenses	(974.9)	(444.9)
Decrease in income taxes payable and deferred income taxes, net	(214.6)	(514.1)
Increase (decrease) in deferred income	24.4	(3.0)
Other, net	(82.9)	64.8
Net cash flow from operating activities	(925.1)	(266.0)
Investing Activities:		
Capital expenditures	(145.2)	(116.6)
Acquisitions, net of cash acquired	(100.9)	(61.5)
Investments in and advances to affiliated companies	(40.7)	(28.1)
Purchases of short-term investments	(129.6)	(17.7)
Proceeds from sales of short-term investments	123.5	18.8
Other, net	--	15.9
Net cash flow from investing activities	(292.9)	(189.2)
Financing Activities:		
Net borrowings from banks	1,819.0	779.1
Repurchase of Preferred Stock	(612.0)	--
Repayment of notes and debentures	(323.1)	(300.0)
Purchase of treasury stock and warrants	(49.5)	--
Payment of capital lease obligations	(20.4)	(18.8)
Proceeds from exercise of stock options and warrants	27.2	40.2
Other, net	(7.8)	(16.5)
Net cash flow from financing activities	833.4	484.0
Net increase (decrease) in cash and cash equivalents	(384.6)	28.8
Cash and cash equivalents at beginning of the period	767.3	292.3
Cash and cash equivalents at end of period	$ 382.7	$ 321.1
Supplemental cash flow information:		
Cash payments for interest, net of amounts capitalized	$ 117.1	$ 188.6
Cash payments for income taxes	$ 483.3	$ 537.2
Non cash investing and financing:		
Property and equipment acquired under capitalized leases	$ 51.3	$ 3.1

See notes to consolidated financial statements.

(Tabular dollars in millions, except per share amounts)

1) BASIS OF PRESENTATION

Viacom Inc. (the "Company") is a diversified entertainment company with operations in six segments: (i) Networks, (ii) Entertainment, (iii) Video, (iv) Parks, (v) Publishing and (vi) Online. See Note 5 regarding the presentation of discontinued operations.

The accompanying unaudited consolidated financial statements of 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 most recent annual report on Form 10-K.

In the opinion of management, the accompanying financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of the financial position and results of operations and cash flows of the Company for the periods presented. Certain previously reported amounts have been reclassified to conform with the current presentation.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Earnings (Loss) per Common Share -- Basic earnings per share ("EPS") is computed by dividing the net earnings applicable to common shares by the weighted average of common shares outstanding during the period. Diluted EPS adjusts the basic weighted average of common shares outstanding by the assumed conversion of convertible securities and exercise of stock options only in the periods in which such effect would have been dilutive. Prior period amounts have been adjusted to reflect the effect of the 2-for-1 stock split (see Note 3). The table below presents a reconciliation of weighted average shares used in the calculation of basic and diluted EPS:

	Three months ended March 31, 1999	Three months ended March 31, 1998
Weighted average shares for basic EPS	696.1	710.5
Plus incremental shares for stock options & warrants	15.0	7.5
Weighted average shares for diluted EPS	711.1	718.0

Comprehensive Income (Loss) -- Total comprehensive income (loss) for the Company includes net income and other comprehensive income items including unrealized gain (loss) on securities, cumulative translation adjustments and minimum pension liability adjustments. Total comprehensive income for the three months ended March 31, 1999 and 1998 was $66.7 million and $20.0 million, respectively.

2) PENDING TRANSACTIONS

On May 6, 1999, Blockbuster Inc., a wholly owned subsidiary of the Company, filed a registration statement on Form S-1 with the Securities and Exchange Commission for a proposed initial public offering of its Class A common stock.

On May 17, 1999, the Company and Spelling Entertainment Group Inc. ("Spelling") announced that they have entered into a definitive merger agreement for the Company's purchase of the shares of Spelling's common stock that it does not already own, approximately 20%, for $9.75 per share in cash. The Spelling Board of Directors approved the merger agreement after approval by a special committee of independent directors, which was advised by separate legal and financial advisors. The merger agreement provides for the commencement of a tender offer by the Company by Friday, May 21, 1999. Under the terms of the merger agreement, each Spelling share that is not purchased in the offer will be acquired by merger as soon as practical thereafter in a second step merger, also for $9.75 per share.

3) STOCK TRANSACTIONS

On March 24, 1999, the Company initiated a repurchase program which was subsequently expanded, to acquire up to $600 million of the Company's common stock and warrants. As of March 31, 1999, the Company had repurchased 1,113,600 shares of Class B Common Stock for approximately $46.5 million. As of May 13, 1999, the Company had repurchased 25,000 shares of Class A Common Stock, 6,837,300 shares of Class B Common Stock and 508,400 Viacom Five-Year Warrants, expiring July 7, 1999, for approximately $304.6 million in the aggregate.

At May 13, 1999 and March 31, 1999, respectively, there were 5,507,274 and 6,032,637 outstanding Viacom Five-Year Warrants, expiring July 7, 1999.

The Board of Directors of the Company declared a 2-for-1 common stock split in the form of a dividend. The additional shares were issued on March 31, 1999 to shareholders of record on March 15, 1999. All common share and per share amounts have been adjusted to reflect the stock split for all periods presented.

On January 5, 1999, the Company repurchased the remaining outstanding shares of its convertible preferred stock from Bell Atlantic Corporation for $612 million in cash.

4) RECEIVABLES

As of March 31, 1999, the Company had an aggregate of $378.5 million outstanding under revolving receivable securitization programs. Proceeds from the sale of these receivables were used to reduce outstanding borrowings. The resulting loss on the sale of receivables was not material to the Company's financial position and results of operations.

(Tabular dollars in millions, except per share amounts)

5) DISCONTINUED OPERATIONS

In accordance with Accounting Principles Board Opinion 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", the Company has presented its educational, professional and reference publishing businesses ("Non-Consumer Publishing") and its music retail stores ("Music") as discontinued operations, as these businesses were sold on November 27, 1998 and October 26, 1998, respectively. Summarized financial results of discontinued operations for the three months ended March 31, 1998 is presented below:

	Non-Consumer Publishing	Music	Total
Revenues	$ 268.6	$ 133.3	$ 401.9
Loss from operations before income taxes	(91.5)	(9.5)	(101.0)
Benefit for income taxes	51.2	3.6	54.8
Net loss	(40.3)	(5.9)	(46.2)

6) INVENTORIES

	March 31, 1999	December 31, 1998
Merchandise inventory, including sell-through videocassettes	$ 343.3	$ 381.9
Videocassette rental inventory	453.9	404.1
Publishing:		
Finished goods	67.5	59.7
Work in process	6.9	6.9
Material and supplies	4.2	2.5
Other	24.9	17.7
	900.7	872.8
Less current portion	446.8	468.7
	$ 453.9	$ 404.1
Theatrical and television inventory:		
Theatrical and television productions:		
Released	$ 1,791.0	$ 1,800.4
Completed, not released	10.6	35.9
In process and other	348.8	321.0
Program rights	1,240.8	1,246.2
	3,391.2	3,403.5
Less current portion	1,249.2	1,336.8
	$ 2,142.0	$ 2,066.7
Total Current Inventory	$ 1,696.0	$ 1,805.5
Total Non-Current Inventory	$ 2,595.9	$ 2,470.8

(Tabular dollars in millions, except per share amounts)

7) LONG-TERM DEBT

The following table sets forth the Company's long-term debt, net of current portion:

	March 31, 1999	December 31, 1998
Notes payable to banks	$ 2,646.1	$ 848.3
5.875% Senior Notes due 2000, net of unamortized discount of $.1 (1999) and $.2 (1998)	149.9	149.8
7.5% Senior Notes due 2002, net of unamortized discount of $1.2 (1999) and $1.3 (1998)	248.8	248.7
6.75% Senior Notes due 2003, net of unamortized discount of $.2 (1999 and 1998)	349.8	349.8
7.75% Senior Notes due 2005, net of unamortized discount of $5.7 (1999) and $5.9 (1998)	965.3	965.0
7.625% Senior Debentures due 2016, net of unamortized discount of $1.2 (1999 and 1998)	198.8	198.7
8.25% Senior Debentures due 2022, net of unamortized discount of $2.6 (1999 and 1998)	247.5	247.4
7.5% Senior Debentures due 2023, net of unamortized discount of $.5 (1999 and 1998)	149.5	149.5
10.25% Senior Subordinated Notes due 2001	35.3	36.3
8.0% Merger Debentures due 2006, net of unamortized discount of $15.5 (1999) and $44.1 (1998)	193.6	475.2
Other Notes	41.3	20.5
Obligations under capital leases	519.2	501.4
	5,745.1	4,190.6
Less current portion	132.2	377.2
	$ 5,612.9	$ 3,813.4

During December 1998, the Company commenced an unconditional tender offer to purchase for cash, all of its outstanding 8.0% Merger Debentures due 2006 at a purchase price of 104% of the principal amount. This offer expired January 4, 1999. Through December 31, 1998, $533.8 million of the 8.0% Merger Debentures were tendered, and in 1999, $307.5 million were tendered for a total principal amount of $841.3 million of notes tendered.

On May 6, 1999, the 364-day film financing credit agreement, guaranteed by Viacom International Inc. and the Company, was paid in full and on May 7, 1999, the credit agreement terminated.

As of March 31, 1999, the Company's scheduled maturities of indebtedness through December 31, 2003, assuming full utilization of the March 1997 Credit Agreements, as amended, are $952 million (1999), $1.7 billion (2000), $1.8 billion (2001), $2.0 billion (2002) and $350 million (2003). The Company's maturities of long-term debt outstanding at March 31, 1999, excluding capital leases, are $529 million (1999), $381 million (2000), $305 million (2001), $519 million (2002) and $350 million (2003). The Company has classified certain short-term indebtedness as long-term debt based upon its intent and ability to refinance such indebtedness on a long-term basis.

8) COMMITMENTS AND CONTINGENCIES

The commitments of the Company for program license fees, which are not reflected in the balance sheet as of March 31, 1999 and are estimated to aggregate approximately $1.3 billion, principally reflect Showtime Networks Inc.'s ("SNI's") commitments of approximately $1.0 billion for the acquisition of programming rights and the production of original programming, and exclude intersegment commitments between the Networks and Entertainment segments of approximately $790 million. The estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments to acquire programming rights are contingent upon delivery of motion pictures which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

9) PROVISION FOR INCOME TAXES

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The estimated effective tax rates of 53.5% for 1999 and 55.2% for 1998 were both adversely affected by amortization of intangibles in excess of the amounts deductible for tax purposes. Excluding the non-deductible amortization of intangibles, the estimated effective tax rates would have been 37.0% for 1999 and 34.4% for 1998.

(Tabular dollars in millions, except per share amounts)

10) OPERATING SEGMENTS

The following table sets forth the Company's financial performance by operating segment. Prior period results have been reclassified to conform to the new presentation. Intersegment revenues, recorded at fair market value, of the Entertainment segment for the three months ended March 31, 1999 and 1998 were $49.6 million and $30.3 million, respectively. All other intersegment revenues were immaterial for each of the periods presented.

	Three months ended March 31, 1999	Three months ended March 31, 1998
Revenues:		
Networks	$ 663.8	$ 544.7
Entertainment	1,092.3	1,118.9
Video	1,113.0	931.2
Parks	10.5	12.8
Publishing	122.7	108.4
Online	4.7	2.2
Intercompany	(55.9)	(32.6)
Total Revenues	$2,951.1	$2,685.6
EBITDA:		
Networks	$ 201.5	$ 150.3
Entertainment	162.8	173.8
Video	145.1	167.2
Parks	(2.7)	(2.1)
Publishing	5.7	4.4
Online	(1.0)	0.5
Total segment EBITDA	511.4	494.1
Reconciliation to operating income:		
Corporate expenses	(36.8)	(33.9)
Depreciation and amortization	(197.1)	(186.8)
Total operating income	$ 277.5	$ 273.4

(Tabular dollars in millions, except per share amounts)

11) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International Inc. ("Viacom International") is a wholly owned subsidiary of the Company. The Company has fully and unconditionally guaranteed Viacom International debt securities. The Company has determined that separate financial statements and other disclosures concerning Viacom International are not material to investors. The following condensed consolidating financial statements present the results of operations, financial position and cash flows of the Company, Viacom International (in each case, carrying investments in Non-Guarantor Affiliates under the equity method), the direct and indirect Non-Guarantor Affiliates of the Company, and the eliminations necessary to arrive at the information for the Company on a consolidated basis. Certain prior year equity eliminations have been reclassified to conform with the current period presentation.

	Three Months Ended March 31, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 9.1	$ 452.3	$2,498.1	$ (8.4)	$2,951.1
Expenses:					
Operating	9.5	148.3	1,802.7	(8.4)	1,952.1
Selling, general and administrative	0.8	168.9	354.7	--	524.4
Depreciation and amortization	0.9	22.4	173.8	--	197.1
Total expenses	11.2	339.6	2,331.2	(8.4)	2,673.6
Operating income (loss)	(2.1)	112.7	166.9	--	277.5
Other income (expense):					
Interest expense, net	(81.3)	22.9	(35.9)	--	(94.3)
Other items, net	(5.4)	(0.6)	4.7	--	(1.3)
Earnings (loss) from continuing operations before income taxes	(88.8)	135.0	135.7	--	181.9
Benefit (provision) for income taxes	36.4	(55.3)	(78.4)	--	(97.3)
Equity in earnings (loss) of affiliated companies, net of tax	120.5	41.1	(19.9)	(157.8)	(16.1)
Minority interest	--	--	(0.1)	--	(0.1)
Net earnings (loss) before extraordinary loss	68.1	120.8	37.3	(157.8)	68.4
Extraordinary loss	(23.2)	(0.3)	--	--	(23.5)
Net earnings (loss)	44.9	120.5	37.3	(157.8)	44.9
Cumulative convertible preferred stock dividend requirement	(0.4)	--	--	--	(0.4)
Premium on repurchase of preferred stock	(12.0)	--	--	--	(12.0)
Net earnings (loss) attributable to common stock	$ 32.5	$ 120.5	$ 37.3	$(157.8)	$ 32.5

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

	Three Months Ended March 31, 1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 10.1	$ 345.9	$2,335.6	$ (6.0)	$2,685.6
Expenses:					
Operating	10.2	125.0	1,675.0	(6.0)	1,804.2
Selling, general and administrative	1.0	118.7	301.5	--	421.2
Depreciation and amortization	.6	18.4	167.8	--	186.8
Total expenses	11.8	262.1	2,144.3	(6.0)	2,412.2
Operating income (loss)	(1.7)	83.8	191.3	--	273.4
Other income (expense):					
Interest expense, net	(127.5)	(11.9)	(14.7)	--	(154.1)
Other items, net	(2.6)	8.8	(2.6)	--	3.6
Earnings (loss) from continuing operations before income taxes	(131.8)	80.7	174.0	--	122.9
Benefit (provision) for income taxes	55.3	(33.9)	(89.2)	--	(67.8)
Equity in earnings (loss) of affiliated companies, net of tax	77.9	29.9	(11.0)	(104.5)	(7.7)
Minority interest	--	1.2	(1.0)	--	.2
Net earnings (loss) from continuing operations	1.4	77.9	72.8	(104.5)	47.6
Loss from discontinued operations	--	--	(46.2)	--	(46.2)
Net earnings (loss)	1.4	77.9	26.6	(104.5)	1.4
Cumulative convertible preferred stock dividend requirement	(15.0)	--	--	--	(15.0)
Net earnings (loss) attributable to common stock	$ (13.6)	$ 77.9	$ 26.6	$(104.5)	$ (13.6)

(Tabular dollars in millions, except per share amounts)

	March 31, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	$ 13.7	$ 250.9	$ 118.1	$ --	$ 382.7
Receivables, net	8.4	266.5	1,224.9	(55.5)	1,444.3
Inventory	13.1	133.9	1,549.0	--	1,696.0
Other current assets	1.2	163.5	707.0	--	871.7
Total current assets	36.4	814.8	3,599.0	(55.5)	4,394.7
Property and equipment, at cost	14.3	624.6	4,040.2	--	4,679.1
Less accumulated depreciation	3.4	203.3	1,354.1	--	1,560.8
Net property and equipment	10.9	421.3	2,686.1	--	3,118.3
Inventory	--	429.1	2,166.8	--	2,595.9
Intangibles, at amortized cost	108.6	526.8	10,798.5	--	11,433.9
Investments in consolidated subsidiaries	5,916.8	15,378.0	--	(21,294.8)	--
Other assets	50.5	1,630.8	1,275.2	(1,445.9)	1,510.6
	$ 6,123.2	$19,200.8	$20,525.6	$(22,796.2)	$23,053.4
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable	$ --	$ 75.8	$ 419.1	$ (30.0)	$ 464.9
Accrued compensation	--	81.6	182.9	--	264.5
Participants' share, residuals and royalties payable	--	--	1,059.4	--	1,059.4
Income tax payable	(16.1)	754.7	(42.2)	(541.4)	155.0
Current portion of long-term debt	--	18.3	113.9	--	132.2
Accrued expenses and other	87.4	553.1	1,282.8	(132.9)	1,790.4
Total current liabilities	71.3	1,483.5	3,015.9	(704.3)	3,866.4
Long-term debt	3,661.6	1,408.8	542.5	--	5,612.9
Other liabilities	(13,229.5)	3,670.7	8,895.1	2,754.5	2,090.8
Shareholders' equity:					
Convertible Preferred Stock	$ --	$ 104.1	$ 20.4	$ (124.5)	$ --
Common Stock	7.3	230.4	1,985.3	(2,215.7)	7.3
Additional paid-in capital	10,594.4	7,341.3	6,192.8	(13,534.1)	10,594.4
Retained earnings	6,050.1	4,942.4	(61.5)	(8,972.1)	1,958.9
Accumulated other comprehensive income (loss)	--	19.6	(64.9)	--	(45.3)
	16,651.8	12,637.8	8,072.1	(24,846.4)	12,515.3
Less treasury stock, at cost	1,032.0	--	--	--	1,032.0
Total shareholders' equity	15,619.8	12,637.8	8,072.1	(24,846.4)	11,483.3
	$ 6,123.2	$19,200.8	$20,525.6	$(22,796.2)	$23,053.4

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

	December 31, 1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	$ 406.4	$ 189.5	$ 171.4	$ --	$ 767.3
Receivables, net	9.5	319.5	1,458.0	(27.9)	1,759.1
Inventory	11.5	131.9	1,662.1	--	1,805.5
Other current assets	.9	160.9	570.8	--	732.6
Total current assets	428.3	801.8	3,862.3	(27.9)	5,064.5
Property and equipment	13.6	602.3	3,921.1	--	4,537.0
Less accumulated depreciation	3.0	188.6	1,265.9	--	1,457.5
Net property and equipment	10.6	413.7	2,655.2	--	3,079.5
Inventory	--	400.1	2,070.7	--	2,470.8
Intangibles, at amortized cost	109.4	530.9	10,917.0	--	11,557.3
Investments in consolidated subsidiaries	5,796.0	15,701.9	--	(21,497.9)	--
Other assets	83.4	1,541.4	1,795.3	(1,979.1)	1,441.0
	$ 6,427.7	$ 19,389.8	$ 21,300.5	($23,504.9)	$ 23,613.1
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable	$ --	$ 68.0	$ 474.4	$ (43.2)	$ 499.2
Accrued compensation	--	144.4	265.9	--	410.3
Participants' share, residuals and royalties payable	--	--	1,227.5	--	1,227.5
Income taxes payable	--	1,257.5	(139.7)	(591.3)	526.5
Current portion of long-term debt	282.4	13.5	81.3	--	377.2
Accrued expenses and other	612.7	663.6	1,351.5	(35.9)	2,591.9
Total current liabilities	895.1	2,147.0	3,260.9	(670.4)	5,632.6
Long-term debt	2,214.6	1,050.4	548.4	--	3,813.4
Other liabilities	(12,834.8)	3,458.2	9,008.6	2,485.5	2,117.5
Shareholders' equity:					
Convertible Preferred Stock	600.0	104.1	20.4	(124.5)	600.0
Common Stock	7.3	228.7	1,985.3	(2,214.0)	7.3
Additional paid-in capital	10,519.6	7,545.4	6,676.9	(14,167.2)	10,574.7
Retained earnings	6,024.1	4,821.9	(98.8)	(8,814.3)	1,932.9
Accumulated other comprehensive income (loss)	--	34.1	(101.2)	--	(67.1)
	17,151.0	12,734.2	8,482.6	(25,320.0)	13,047.8
Less treasury stock, at cost	998.2	--	--	--	998.2
Total shareholders' equity	16,152.8	12,734.2	8,482.6	(25,320.0)	12,049.6
	$ 6,427.7	$ 19,389.8	$ 21,300.5	($23,504.9)	$ 23.613.1

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

	Three Months Ended March 31, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow from operating activities	$ (351.6)	$(514.3)	$ (15.8)	$ (43.4)	$ (925.1)
Investing Activities:					
Capital expenditures	--	(20.3)	(124.9)	--	(145.2)
Acquisitions, net of cash acquired	--	(.4)	(100.5)	--	(100.9)
Investments in and advances to affiliated companies		(5.7)	(35.0)		(40.7)
Purchases of short-term investments	--	(129.6)	--	--	(129.6)
Proceeds from sales of short-term investments	--	123.5	--	--	123.5
Net cash flow from investing activities	--	(32.5)	(260.4)	--	(292.9)
Financing Activities:					
Net borrowings from banks	1,437.1	361.0	20.9	--	1,819.0
Repurchase of Preferred Stock	(612.0)	--	--	--	(612.0)
Repayment of notes and debentures	(321.6)	(1.5)	--	--	(323.1)
Purchase of treasury stock and warrants	(49.5)	--	--	--	(49.5)
Payment of capital lease obligations	--	(7.1)	(13.3)	--	(20.4)
Increase (decrease) in intercompany payables	(514.8)	256.1	215.3	43.4	--
Proceeds from exercise of stock options and warrants	27.2	--	--	--	27.2
Other, net	(7.5)	(.3)	--	--	(7.8)
Net cash flow from financing activities	(41.1)	608.2	222.9	43.4	833.4
Net increase (decrease) in cash and cash equivalents	(392.7)	61.4	(53.3)	--	(384.6)
Cash and cash equivalents at beginning of period	406.4	189.5	171.4	--	767.3
Cash and cash equivalents at end of period	$ 13.7	$ 250.9	$ 118.1	$ --	$ 382.7

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

	Three Months Ended March 31, 1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow from operating activities	$ 52.8	$(563.1)	$ 244.3	$ --	$ (266.0)
Investing Activities:					
Capital expenditures	--	(18.8)	(97.8)	--	(116.6)
Acquisitions, net of cash acquired	(11.1)	--	(50.4)	--	(61.5)
Investments in and advances to affiliated companies	--	--	(28.1)	--	(28.1)
Purchases of short-term investments	--	(17.7)	--	--	(17.7)
Proceeds from sales of short-term investments	--	18.8	--	--	18.8
Other, net	--	15.9	--	--	15.9
Net cash flow from investing activities	(11.1)	(1.8)	(176.3)	--	(189.2)
Financing Activities:					
Net borrowings from banks	778.3	--	.8	--	779.1
Repayment of notes and debentures	(150.0)	(150.0)	--	--	(300.0)
Payment of capital lease obligations	--	(4.8)	(14.0)	--	(18.8)
Increase (decrease) in intercompany payables	(396.4)	727.3	(330.9)	--	--
Proceeds from exercise of stock options and warrants	40.2	--	--	--	40.2
Other, net	(14.9)	--	(1.6)	--	(16.5)
Net cash flow from financing activities	257.2	572.5	(345.7)	--	484.0
Net increase (decrease) in cash and cash equivalents	298.9	7.6	(277.7)	--	28.8
Cash and cash equivalents at beginning of period	.1	91.5	200.7	--	292.3
Cash and cash equivalents at end of period	$ 299.0	$ 99.1	$ (77.0)	$ --	$ 321.1

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.

Management's discussion and analysis of the combined results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements and related Notes.

The following tables set forth revenues and operating income by business segment, for the three months ended March 31, 1999 and 1998. Results for each period presented exclude contributions from the Company's educational, professional and reference publishing businesses ("Non-Consumer Publishing") and music retail stores ("Music") which were sold on November 27, 1998 and October 26, 1998, respectively. (See Note 5 of Notes to Consolidated Financial Statements).

	Three months ended March 31, 1999	Three months ended March 31, 1998	Percent B/(W)
	(In millions)		
Revenues:			
Networks	$ 663.8	$ 544.7	22%
Entertainment	1,092.3	1,118.9	(2)
Video	1,113.0	931.2	20
Parks	10.5	12.8	(18)
Publishing	122.7	108.4	13
Online	4.7	2.2	114
Intercompany	(55.9)	(32.6)	(71)
Total revenues	$ 2,951.1	$ 2,685.6	10
Operating income (loss): (a)			
Networks	$ 172.7	$ 127.2	36%
Entertainment	113.1	127.6	(11)
Video	50.3	72.4	(31)
Parks	(16.0)	(15.1)	(6)
Publishing	1.3	0.1	NM
Online	(1.0)	0.5	NM
Segment total	320.4	312.7	2
Corporate	(42.9)	(39.3)	(9)
Total operating income	$ 277.5	$ 273.4	1

(a) Operating income (loss) is defined as net earnings (loss) before extraordinary loss (net of tax), loss from discontinued operations (net of tax), minority interest, equity in loss of affiliated companies (net of tax), provision for income taxes, other items (net) and interest expense (net).

EBITDA

The following table sets forth EBITDA (defined as operating income (loss) before depreciation and amortization) for the three months ended March 31, 1999 and 1998. EBITDA does not reflect the effect of significant amounts of amortization of goodwill related to business combinations accounted for under the purchase method.

While many in the financial community consider EBITDA to be an important measure of comparative operating performance, it should be considered in addition to, but not as a substitute for or superior to operating income, net earnings, cash flow and other measures of financial performance prepared in accordance with generally accepted accounting principles.

	Three months ended March 31, 1999	Three months ended March 31, 1998	Percent B/(W)
	(In millions)		
EBITDA:			
Networks	$ 201.5	$ 150.3	34%
Entertainment	162.8	173.8	(6)
Video	145.1	167.2	(13)
Parks	(2.7)	(2.1)	(29)
Publishing	5.7	4.4	30
Online	(1.0)	0.5	NM
Segment total	511.4	494.1	4
Corporate	(36.8)	(33.9)	(9)
Total EBITDA	$ 474.6	$ 460.2	3

Results of Operations

Revenues increased 10% to $3.0 billion for the first quarter of 1999 from $2.7 billion for the first quarter of 1998, led primarily by double digit gains at MTV Networks due to higher advertising and affiliate fees. Blockbuster Video also recorded revenue increases of 20%, driven by strong consumer traffic and the increase in the number of Company-owned video stores in operation in 1999.

Total expenses increased 11% to $2.7 billion for the first quarter of 1999 from $2.4 billion for the first quarter of 1998 principally reflecting normal increases associated with revenue growth as well increased advertising expenses at Blockbuster.

EBITDA increased 3% to $474.6 million for the first quarter of 1999 from $460.2 million for the first quarter of 1998. Operating income increased 1% over the prior year's first quarter to $277.5 million for the first quarter of 1999.

Segment Results of Operations

Networks (Basic Cable and Premium Subscription Television Program Services)

	Three months ended March 31, 1999	1998	Percent B/(W)
	(In millions)		
Revenues	$ 663.8	$ 544.7	22%
Operating Income	$ 172.7	$ 127.2	36
EBITDA	$ 201.5	$ 150.3	34

The Networks segment is comprised of MTV Networks ("MTVN"), basic cable television program services and Showtime Networks Inc. ("SNI"), premium subscription television program services.

For the first quarter of 1999, MTVN revenues of $469.0 million, EBITDA of $172.0 million and operating income of $149.4 million increased 31%, 29% and 29%, respectively. The increase in MTVN's revenues principally reflects double digit advertising sales gains and affiliate fees at each of the domestic networks and double digit advertising sales gains at MTVN International as well as the continued success of MTVN's licensing programs, including Rugrats. Advertising revenues were primarily driven by rate increases at Nickelodeon and higher unit volume at MTV. MTVN's EBITDA and operating income gains were driven by the increased revenues partially offset by increased programming, production and marketing expenses.

SNI's revenues, EBITDA and operating income increased 5%, 44% and 58%, respectively. The revenue increase was principally due to an increase of approximately 2.7 million subscriptions over the prior year to 21.2 million subscriptions at March 31, 1999. Operating results reflect revenue increases attributable to the continued growth of direct broadcast satellite subscriptions and lower marketing costs in the first quarter of 1999.

Entertainment (Motion Pictures, Television Programming, Television Stations, International Channels, Movie Theaters and Music Publishing)

	Three months ended March 31, 1999	Three months ended March 31, 1998	Percent B/(W)
	(In millions)		
Revenues	$ 1,092.3	$ 1,118.9	(2)%
Operating Income	$ 113.1	$ 127.6	(11)
EBITDA	$ 162.8	$ 173.8	(6)

The Entertainment segment is comprised of Paramount Pictures, Paramount Television, Spelling Entertainment Group Inc. ("Spelling"), the Paramount Stations Group ("PSG"), Paramount's movie theaters, music publishing and international channels.

For the first quarter of 1999, Entertainment revenues primarily reflect the strong performance of Paramount Features, led by the domestic theatrical release of VARSITY BLUES and PAYBACK, the foreign theatrical release of STAR TREK: INSURRECTION, higher domestic home video revenues led by contributions from SNAKE EYES and THE TRUMAN SHOW, higher television revenues from the recognition of a license of pay television rights for library products and the renewal of a film processing agreement. These contributions did not match the extraordinary box office success of TITANIC in the first quarter of 1998. Paramount Features' operating income and EBITDA increased reflecting the revenue items noted above. Paramount's television programming operating income and EBITDA decreased principally due to higher production deficits resulting from more network shows and also lower syndication revenues.

Spelling's revenues of $185.0 million increased 11% and EBITDA of $18.8 million increased 69% over the prior year's quarter, principally due to Spelling's focus on its core business of television production and distribution, resulting in higher per episode network license fees for continuing series, increased hours of programming delivered to the networks and improved performance of its first-run syndication products, including JUDGE JUDY.

PSG's revenues of $96.3 million remained constant, and EBITDA and operating income increased 15% and 25%, respectively, primarily reflecting lower operating expenses.

Video (Home Video and Game rental and retail)

	Three months ended March 31, 1999	1998	Percent B/(W)
	(In millions)		
Revenues	$1,113.0	$ 931.2	20%
Operating Income	$ 50.3	$ 72.4	(31)
EBITDA	$ 145.1	$ 167.2	(13)

The Video segment is comprised of Blockbuster Video, operating in the home video and video game rental and retailing business.

Video revenues increased 20% driven by strong consumer traffic and the increased number of Company-owned video stores in operation in 1999 as compared to 1998. Domestic same store rental revenues, including sales of previously viewed tapes and games ("PVT"), rose 23%. Without the inclusion of PVT revenues, domestic same store rental revenues increased 17% in the first quarter of 1999. Worldwide same store sales, which include retail and rental product, increased 17%, paced by 20% higher domestic same store sales. The decreases in operating income and EBITDA reflected increased advertising expenses and increased cost of sales. Cost of sales for the first quarter of 1998 did not reflect the change in accounting methodology, adopted in the second quarter of 1998, associated with the new revenue sharing model. Blockbuster increased advertising expenses in the first quarter as it continued to emphasize tape copy depth, promote its new loyalty program designed to reward customer frequency and enhance its market share. Video's gross margin percentage decreased to 60.3% for the first quarter of 1999 from 64.9% for the first quarter of 1998 due to the impact of revenue sharing agreements which were not fully established in the prior year's quarter and increased promotional activity. Blockbuster Video ended the first quarter with 6,499 stores, a net increase of 481 stores over the first quarter of 1998.

Management's Discussion and Analysis of
Results of Operations and Financial Condition

Parks (Theme Parks)

	Three months ended March 31, 1999	1998	Percent B/(W)
	(In millions)		
Revenues	$ 10.5	$ 12.8	(18)%
Operating Loss	$(16.0)	$ (15.1)	(6)
EBITDA	$ (2.7)	$ (2.1)	(29)

The Parks segment is comprised of five regional theme parks and a themed attraction in the U.S. and Canada.

The Parks begin full time operations during the second quarter and therefore, record the majority of revenues, EBITDA and operating income during the second and third quarters.

Publishing (Consumer Publishing)

	Three months ended March 31, 1999	1998	Percent B/(W)
	(In millions)		
Revenues	$ 122.7	$ 108.4	13%
Operating Income	$ 1.3	$ 0.1	NM
EBITDA	$ 5.7	$ 4.4	30

The Publishing segment is comprised of Simon & Schuster which includes imprints such as Pocket Books, Scribner and The Free Press.

For the quarter ended March 31, 1999, the improved revenues and operating results are due principally to increased sales in the Pocket Books and Children's divisions. The Consumer Group's best selling titles in the first quarter of 1999 included JEWEL by Bret Lott, OLIVIA by V.C. Andrews, and YESTERDAY I CRIED by Iyanla Vanzant. Publishing typically has seasonally stronger operating results in the second half of the year.

Online (Interactive Online Services)

	Three months ended March 31, 1999	1998	Percent B/(W)
	(In millions)		
Revenues	$ 4.7	$ 2.2	114%
Operating Income (loss) ...	$ (1.0)	$ 0.5	NM
EBITDA	$ (1.0)	$ 0.5	NM

The Online segment is comprised of online music and children destinations featuring entertainment, information, community tools and e-commerce.

Revenues increased 114% to $4.7 million for the first quarter of 1999 from $2.2 million for the prior year period reflecting increased license fees and higher advertising revenues. The operating loss of $1.0 million in the first quarter of 1999, as compared with operating income of $0.5 million in the prior year period, reflects the increased investment in the Company's online services.

In February 1999, the Company acquired Imagine Radio, an Internet radio company transmitting original radio stations offering listeners various customization features from a wide range of formats. The Company also owns Nvolve, Inc., a Web site developer and Red Rocket, an online education toy retailer.

Other Income and Expense Information

Corporate expenses

Corporate expenses including depreciation and amortization expense increased 9% to $42.9 million for the first quarter of 1999 from $39.3 million for 1998 reflecting a slight increase in Year 2000 expenses for the period.

Interest expense, net

Net interest expense decreased 39% to $94.3 million for the first quarter of 1999 from $154.1 million for the first quarter of 1998. The Company had approximately $5.7 billion and $8.3 billion principal amount of debt outstanding (including current maturities) as of March 31, 1999 and March 31, 1998, respectively, at weighted average interest rates of 6.7% and 7.5%, respectively.

Provision for income taxes

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The estimated effective tax rates of 53.5% for 1999 and 55.2% for 1998 were both adversely affected by amortization of intangibles in excess of amounts which are deductible for tax purposes. Excluding the non-deductible amortization of intangibles, the estimated effective tax rates would have been 37.0% for 1999 and 34.4% for 1998.

Equity in loss of affiliates

"Equity in loss of affiliated companies, net of tax" was $16.1 million for the first quarter of 1999 as compared to $7.7 million for the first quarter of 1998, principally reflecting increased losses of United Paramount Network partially offset by the improved performance of Comedy Central.

Minority interest

Minority interest primarily represents the minority ownership of Spelling common stock.

Discontinued operations

For the three months ended March 31, 1998, discontinued operations reflect the net losses of Non-Consumer Publishing and Music which were sold on November 27, 1998 and October 26, 1998, respectively.

Liquidity and Capital Resources

The Company expects to fund its anticipated cash requirements (including the anticipated cash requirements of its capital expenditures, joint ventures, commitments and payments of principal and interest on its outstanding indebtedness) with internally generated funds, in addition to various external sources of funds. The external sources of funds may include the Company's existing Credit Agreements and amendments thereto, co-financing arrangements by the Company's various divisions relating to the production of entertainment products and/or additional financings.

At March 31, 1999, the Company was in compliance with all debt covenants and had satisfied all financial ratios and tests under the Credit Agreements. The Company expects to be in compliance and satisfy all such covenants and ratios as may be applicable from time to time during 1999.

The Company's scheduled maturities of indebtedness through December 31, 2003, assuming full utilization of the March 1997 Credit Agreements, as amended, are $952 million (1999), $1.7 billion (2000), $1.8 billion (2001), $2.0 billion (2002) and $350 million (2003). The Company's maturities of long-term debt outstanding at March 31, 1999, excluding capital leases, are $529 million (1999), $381 million (2000), $305 million (2001), $519 million (2002) and $350 million (2003). As of March 31, 1999, the Company has classified certain short-term indebtedness as long-term debt based upon its intent and ability to refinance such indebtedness on a long-term basis.

The commitments of the Company for program license fees, which are not reflected in the balance sheet as of March 31, 1999 and are estimated to aggregate approximately $1.3 billion, principally reflect SNI's commitments of approximately $1.0 billion for the acquisition of programming rights and the production of original programming and exclude intersegment commitments between the Networks and Entertainment segments of approximately $790 million. The estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments to acquire programming rights are contingent upon delivery of motion pictures which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

Current assets decreased to $4.4 billion as of March 31, 1999 from $5.1 billion as of December 31, 1998, primarily reflecting the use of cash to repurchase convertible preferred stock and normal seasonal reductions in receivables. The allowance for doubtful accounts as a percentage of receivables increased to 7% as of March 31, 1999 from 5% as of December 31, 1998. The change in property and equipment principally reflects capital expenditures of $145.2 million related to capital additions for new and existing video stores, construction of new movie theaters and additional construction and equipment upgrades for the Parks offset by depreciation expense of $114.2 million. Current liabilities decreased approximately 31% to $3.9 billion as of March 31, 1999 from $5.6 billion as of December 31, 1998, reflecting the payment of taxes associated with the sale of Non-Consumer Publishing, payment of accrued expenses and settlement of the 8.0% Merger Debentures. Long-term debt, including current maturities, increased $1.5 billion to $5.7 billion as of March 31, 1999 from $4.2 billion as of December 31, 1998 primarily reflecting the tax payments discussed above and the continued investment in and seasonality of the Company's businesses.

The Company expects to record the majority of its operating cash flows during the second half of the year due to the positive effect of the holiday season on advertising revenues and video store revenues, the summer operation of its parks and the seasonality of the consumer publishing business. Net cash flow from operating activities of negative $925.1 million for the three months ended March 31, 1999 principally reflects the first quarter 1999 tax payment related to the sale of Non-Consumer Publishing and the settlement of the 8.0% Merger Debentures. First quarter 1998 net operating cash flow of negative $266.0 million reflects the reduction in accounts receivable due principally to the asset securitization program and improved operating performance including the impact of Titanic, offset by the tax payment related to the sale of USA Networks and payment of accrued expenses. Net cash expenditures for investing activities of $292.9 million for the three months ended March 31, 1999 principally reflects capital expenditures and acquisitions of video stores and a television station. Net cash expenditures for investing activities of $189.2 million, for the three months ended March 31 1998, principally reflect capital expenditures. Financing activities principally reflect borrowings and repayments of debt during each period presented. Financing activities for the first quarter of 1999 also reflect the repurchase of convertible preferred stock.

Capital Structure

The following table sets forth the Company's long-term debt, net of current portion:

	At March 31, 1999	At December 31, 1998
	(In millions)	
Notes payable to banks.................	$ 2,646.1	$ 848.3
Senior debt............................	2,309.6	2,308.9
Senior subordinated debt...............	35.3	36.3
Subordinated debt......................	193.6	475.2
Obligations under capital leases.......	519.2	501.4
Other..................................	41.3	20.5
	5,745.1	4,190.6
Less current portion...................	132.2	377.2
	$ 5,612.9	$ 3,813.4

The notes and debentures are presented net of an aggregate unamortized discount of $27.0 million as of March 31, 1999 and $56.0 million as of December 31, 1998.

On May 6, 1999, the 364-day film financing credit agreement, guaranteed by Viacom International Inc. and the Company, was paid in full and on May 7, 1999, the credit agreement terminated.

Debt, including the current portion, as a percentage of total capitalization of the Company was 33% at March 31, 1999 and 26% at December 31, 1998.

The Company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign exchange rates and interest rates. The Company does not hold or issue financial instruments for speculative trading purposes. The derivative instruments used are foreign exchange forward contracts and options. The foreign exchange contracts have principally been used to hedge the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the Singapore Dollar, the European Union's common currency (the "Euro") and the European Currency Unit/British Pound relationship. These derivatives, which are over-the-counter instruments, are non-leveraged. Realized gains and losses on contracts that hedge anticipated future cash flows are recognized in "other items, net" and were not material in the periods presented.

The Company filed a shelf registration statement with the Securities and Exchange Commission registering debt securities, preferred stock and contingent value rights of the Company and guarantees of such debt securities by Viacom International which may be issued for aggregate gross proceeds of $3.0 billion. The registration statement was declared effective on May 10, 1995. The net proceeds from the sale of the offered securities may be used by the Company to repay, redeem, repurchase or satisfy its obligations in respect of its outstanding indebtedness or other securities; to make loans to its subsidiaries; for general corporate purposes; or for such other purposes as may be specified in the applicable Prospectus Supplement. The Company filed a post-effective amendment to this registration statement on November 19, 1996. To date, the Company issued $1.55 billion of notes and debentures and has $1.45 billion remaining availability under the shelf registration statement.

Other Matters

On May 6, 1999, Blockbuster Inc., a wholly owned subsidiary of the Company, filed a registration statement on Form S-1 with the Securities and Exchange Commission for a proposed initial public offering of its Class A common stock.

On March 24, 1999, the Company initiated a repurchase program which was subsequently expanded, to acquire up to $600 million of the Company's common stock and warrants. As of March 31, 1999, the Company had repurchased 1,113,600 shares of Class B Common Stock for approximately $46.5 million. As of May 13, 1999, the Company had repurchased 25,000 shares of Class A Common Stock, 6,837,300 shares of Class B Common Stock and 508,400 Viacom Five-Year Warrants, expiring July 7, 1999, for approximately $304.6 million in the aggregate.

At May 13, 1999 and March 31, 1999, respectively, there were 5,507,274 and 6,032,637 outstanding Viacom Five-Year Warrants, expiring July 7, 1999.

On May 17, 1999, the Company and Spelling Entertainment Group Inc. ("Spelling") announced that they have entered into a definitive merger agreement for the Company's purchase of the shares of Spelling's common stock that it does not already own, approximately 20%, for $9.75 per share in cash. The Spelling Board of Directors approved the merger agreement after approval by a special committee of independent directors, which was advised by separate legal and financial advisors. The merger agreement provides for the commencement of a tender offer by the Company by Friday, May 21, 1999. Under the terms of the merger agreement, each Spelling share that is not purchased in the offer will be acquired by merger as soon as practical thereafter in a second step merger, also for $9.75 per share.

The Board of Directors of the Company declared a 2-for-1 common stock split in the form of a dividend. The additional shares were issued on March 31, 1999 to shareholders of record on March 15, 1999. All common share and per share amounts have been adjusted to reflect the stock split for all periods presented.

On January 5, 1999, the Company repurchased the remaining outstanding shares of its convertible preferred stock from Bell Atlantic Corporation for $612 million in cash.

Year 2000

Overview

The widespread use of computer programs that rely on two-digit dates to perform computations and decision making functions may cause computer systems to malfunction prior to or in the year 2000 ("Y2K") and lead to significant business delays and disruptions in the U.S. and internationally. In December 1997, the Company formalized its Y2K initiative to optimize the divisional Y2K efforts that had already begun, by developing a Company wide program to identify and mitigate Y2K risks. Pursuant to this program, each of the Company's principal business units developed programs to address Y2K exposures. In addition, under the direction of its Board of Directors, the Company has designated a committee of senior officers to oversee these programs and has engaged an independent consulting firm to assist in the review and oversight. At present the Company anticipates completing its program to have substantially all critical and non-critical systems compliant prior to the end of the third quarter of 1999.

The Company is reviewing its Y2K issues based upon three areas: applications, infrastructure and business partners.

- Applications cover the software systems resident on mainframe, mid-range, network and personal computers. The Company defines an application as one or a collection of programs directly related to a common system. For example, a financial application may include all the general ledger and accounts receivable software code used to process information throughout an operating segment. In addition, the Company's applications have been segregated into critical and non-critical applications. Critical applications are software systems which, if not operational, could have a material impact on business operations.

- Infrastructure includes computers, data and voice communications networks, and other equipment which use embedded chip processors (e.g., inventory movement systems, tape duplication equipment, telephone systems etc.).

- Business partners include third party vendors, customers and other entities whose systems may interface with the Company or whose own operations are important to the Company's daily operations.

These three areas have been addressed using a five phase program: inventory, assessment, remediation, testing and contingency planning.

- Phase 1 inventories the respective applications, hardware and business partners.

- Phase 2 assesses the possible impact of a Y2K error on the continuing operation of each identified application, hardware systems or business partner relationship; and subsequently determines the risk to operations and assigns priorities.

- Phase 3 establishes and implements specific plans for the remediation of applications and hardware systems and for the determination of business partners' compliance.

- Phase 4 tests each application and hardware system and reviews business partners' compliance under the plans established in phase 3, to ensure that Y2K issues no longer exist.

- Phase 5 establishes and implements contingency plans in the event internal or external systems are not compliant.

Changes may occur to the Company's operations during the implementation of its Y2K program or subsequent to the completion of each phase, therefore, management may periodically revise its plans. The Company continues to review and test systems for Y2K compliance as changes occur.

State of Readiness

The Company's Y2K progress as of April 30, 1999 is as follows:

Applications

The inventory and assessment phases for the Company have been completed. Applications status of each operating segment is discussed below.

Networks, Corporate, Online - We have identified 15 critical domestic and 29 critical international applications which primarily relate to program scheduling, finance/payroll and network transmission. The majority of critical domestic applications have been remediated and tested and the remaining systems are scheduled for completion during the second quarter of 1999. International's critical applications are currently being remediated and testing is scheduled for completion in the second and third quarters of 1999. A significant number of domestic and international non-critical applications have been remediated and tested and the remaining applications are scheduled for completion in the second quarter of 1999.

Entertainment - We have identified 71 critical domestic and 50 critical international applications which primarily relate to theatrical and video distribution, TV syndication, theater point-of-sale and finance/payroll. A significant number of critical and non-critical worldwide applications have been remediated and tested and substantially all of the remaining systems are scheduled for completion during the second and third quarters of 1999.

Video - We have identified 16 critical domestic and 6 critical international applications which primarily relate to point-of-sale, warehousing and distribution and finance/payroll. A significant number of critical and non-critical worldwide applications have been remediated and tested and the remaining applications are scheduled for completion during the second and third quarters of 1999.

Publishing - We have identified 13 critical domestic applications which primarily relate to order processing, warehousing and billing. The majority of critical domestic applications have been remediated and tested and the remaining systems are scheduled for completion in the second and third quarters of 1999. A significant number of non-critical applications have been remediated and tested and the remaining systems are scheduled for completion in the second and third quarters of 1999.

Parks - We have identified 20 critical domestic and 4 critical international applications which primarily relate to point-of-sale, ticketing and finance/payroll. All critical worldwide applications have been remediated and tested. A significant number of non-critical applications have been remediated and tested and the remaining systems are scheduled to be completed in the second quarter of 1999.

Infrastructure

Infrastructure status of each operating segment is discussed below.

Networks, Corporate, Online - The inventory and assessment phases for domestic and international operations have been completed. The majority of the remediation and testing of domestic and international hardware systems have been completed. The remaining infrastructure systems will be completed by the third quarter of 1999.

Entertainment - The inventory and assessment phases for domestic computer systems have been completed. The inventory and assessment of the remaining non-computer domestic systems (e.g., studio production facilities and equipment) will be completed by the second quarter of 1999. International's inventory and assessment phases are substantially complete; the remainder will be completed by the second quarter of 1999. Worldwide remediation and testing of infrastructure systems will be completed in the second and third quarters of 1999.

Video - Domestic and international inventory and assessment phases have been completed. The majority of the systems with embedded processors have completed remediation and testing. The remaining hardware systems will be completed during the second and third quarters of 1999.

Publishing - The inventory and assessment phases have been completed. A substantial number of hardware systems have been remediated and tested; the remaining systems are scheduled for completion during the second and third quarters of 1999.

Parks - The inventory and assessment phases have been completed. Substantially all systems with embedded processors have been remediated and tested. The remainder are scheduled for remediation and testing during the second quarter of 1999.

Business Partners

During the course of business operations, the Company relies on third party business partners to provide raw materials and services and to distribute and sell products. These business partners include financial institutions, governmental agencies and utilities. The disruption of the ability to receive raw materials or services or to distribute or sell the Company's products could adversely affect the financial condition of the Company. Although the Company has little or no control over the remediation and testing of these third party systems, the Company is taking appropriate action to determine the level of Y2K compliance at each third party. These actions include, but are not limited to, requesting written confirmation of a business or business system's Y2K compliance; directly meeting with business management; and, performing additional independent tests.

The Company has substantially completed the inventory phase and is in the assessment phase of business partners and expects this phase to be completed by the second quarter of 1999. The determination of third party Y2K compliance will continue through the end of the year.

Contingency Plans and Risks

As the remediation, testing and review of each application, infrastructure item and business partners occur, the Company is determining the need for contingency plans. Where appropriate, plans addressing both operational and technical alternatives are being developed. This phase has begun and will continue through the end of 1999.

The Company's goal is to achieve timely and substantial Y2K compliance, with remediation work assigned based upon how critical each system is to the Company's business. Due to the general uncertainty inherent in the Y2K problem resulting in part from the uncertainty of compliance by the Company's principal business partners and third party providers, the Company is unable to determine at this time what the consequences of Y2K may be. Also, the Company's international operations may be adversely affected by failures of businesses in other parts of the world to take adequate steps to address the Y2K problem. The Company will continue to devote the necessary resources to complete its Y2K program and contingency plans and believes that the completion of its Y2K program and contingency plans will significantly mitigate operational and financial risks.

Costs

Y2K costs have been expensed as incurred, except those costs directly related to the replacement of systems requiring upgrades in the ordinary course of business which have been capitalized. As of April 30, 1999, the Company had incurred costs of approximately $37.1 million, of which $8.9 million has been capitalized. The estimated additional costs to complete the Y2K program are currently expected to approximate $20.1 million, of which approximately $4.9 million are expected to be capitalized. Based on these amounts, the Company does not expect the costs of the Y2K program to have a material effect on its results of operations, financial position or liquidity.

PART II -- OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

11 Statement re Computation of Net Earnings Per Share

27 Financial Data Schedule.

(b) Reports on Form 8-K for Viacom Inc.

None.

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 May 17, 1999	/s/ Sumner M. Redstone
	Sumner M. Redstone Chairman of the Board of Directors, Chief Executive Officer
Date May 17, 1999	/s/ George S. Smith, Jr.
	George S. Smith, Jr. Senior Vice President, Chief Financial Officer

Exhibit Index

11 Statement re Computation of Net Earnings Per Share

27 Financial Data Schedule

Exhibit 11

Viacom Inc. and Subsidiaries
Computation of Net Earnings (Loss) Per Share

	Three months ended March 31, 1999	1998
	(In millions, except per share amounts)	
Earnings (loss):		
Earnings from continuing operations..........................	$ 68.4	$ 47.6
Cumulative convertible preferred stock dividend requirement..	(0.4)	(15.0)
Premium on redemption of preferred stock.....................	(12.0)	--
Earnings from continuing operations attributable to common stock	56.0	32.6
Loss from discontinued operations, net of tax................	--	(46.2)
Extraordinary loss, net of tax..............................	(23.5)	--
Net earnings (loss) attributable to common stock............	$ 32.5	$(13.6)
Basic computation:		
Shares:		
Weighted average number of common shares.....................	696.1	710.5
Net earnings (loss) per common share:		
Earnings from continuing operations..........................	$ 0.08	$ 0.05
Loss from discontinued operations, net of tax................	--	(0.07)
Extraordinary loss, net of tax..............................	(0.03)	--
Net earnings (loss)..	$ 0.05	$(0.02)
Diluted computation:		
Shares:		
Weighted average number of common shares (basic)............	696.1	710.5
Common shares potentially issuable in connection with stock options and warrants:............................	15.0	7.5
Weighted average number of common shares (diluted)..........	711.1	718.0
Net earnings (loss) per common share:		
Earnings from continuing operations..........................	$ 0.08	$ 0.05
Loss from discontinued operations, net of tax................	--	(0.07)
Extraordinary loss, net of tax..............................	(0.03)	--
Net earnings (loss)..	$ 0.05	$(0.02)

THIS FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF VIACOM INC. FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. EARNINGS PER SHARE ARE PRESENTED IN ACCORDANCE WITH SFAS 128.

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3-MOS
DEC-31-1999
MAR-31-1999
383
0
1,549
105
1,696
4,395
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7
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94
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97
68
0
(24)
0
45
.05
.05