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, 1996

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, 1996:

Class A Common Stock, par value $.01 per share - 75,269,618

Class B Common Stock, par value $.01 per share - 296,270,685

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; all amounts, except per share amounts, are in millions)

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
Revenues	$2,798.1	$ 2,695.6
Expenses:		
Operating	1,728.2	1,701.8
Selling, general and administrative	576.4	478.0
Depreciation and amortization	220.0	180.7
Total expenses	2,524.6	2,360.5
Operating income	273.5	335.1

Other income (expense):		
Interest expense, net	(205.0)	(196.8)
Other items, net	(.5)	27.5
Earnings from continuing operations before income taxes	68.0	165.8
Provision for income taxes	(42.6)	(98.9)
Equity in earnings of affiliated companies, net of tax	1.2	.8
Minority interest	1.2	(4.1)
Net earnings from continuing operations	27.8	63.6
Earnings from discontinued operations, net of tax (Note 3)	--	7.6
Net earnings	27.8	71.2
Cumulative convertible preferred stock dividend requirement	(15.0)	(15.0)
Net earnings attributable to common stock	$ 12.8	$ 56.2
Weighted average number of common shares and common share equivalents:		
Primary	374.7	384.9
Fully diluted	375.0	385.3
Primary and fully diluted earnings per common share:		
Net earnings from continuing operations	$ .03	$ .13
Net earnings	$ .03	$ .15

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Unaudited; all amounts, except per share amounts, are in millions)

	MARCH 31, 1996	DECEMBER 31, 1995
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 350.8	$ 464.1
Receivables, less allowances of $130.0 (1996) and $126.0 (1995)	1,889.9	1,872.4
Inventory (Note 4)	2,104.3	2,178.1
Other current assets	766.9	684.4
Total current asset	5,111.9	5,199.0
Property and equipment, at cost	4,166.5	3,974.7
Less accumulated depreciation	867.7	756.8
Net property and equipment	3,298.8	3,217.9
Inventory (Note 4)	2,415.0	2,271.5
Intangibles, at amortized cost	16,074.8	16,153.2
Other assets	2,293.2	2,184.4
	$29,193.7	$29,026.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 519.6	$ 788.8
Accrued compensation	313.1	449.4
Participants' share, residuals and royalties payable	747.9	798.2
Current portion of long-term debt	50.0	45.1
Other current liabilities	1,856.0	2,017.1
Total current liabilities	3,486.6	4,098.6
Long-term debt	11,399.5	10,712.1
Other liabilities	2,144.3	2,121.5
Commitments and contingencies (Note 6)		
Shareholders' Equity:		
Preferred Stock, par value $.01 per share; 200.0 shares authorized; 24.0 shares issued and outstanding	1,200.0	1,200.0
Class A Common Stock, par value $.01 per share; 200.0 shares authorized; 75.3 (1996) and 75.1 (1995) shares issued and outstanding	0.8	0.8
Class B Common Stock, par value $.01 per share; 1,000.0 shares authorized; 296.2 (1996) and 294.6 (1995) shares issued and outstanding	2.9	2.9
Additional paid-in capital	10,786.1	10,726.9
Retained earnings	185.9	173.1
Cumulative translation adjustment	(12.4)	(9.9)
Total shareholders' equity	12,163.3	12,093.8
	$29,193.7	$29,026.0

See notes to consolidated financial statements.

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

	THREE MONTHS ENDED MARCH 31, 1996	1995
NET CASH FROM OPERATING ACTIVITIES:		
Net earnings	$ 27.8	$ 71.2
Adjustments to reconcile net earnings to net cash flow from operating activities:		
Depreciation and amortization	220.0	180.7
Distribution from affiliated companies	12.7	27.4
Gain on the sale of an investment (Note 7)	--	(26.9)
Change in operating assets and liabilities:		
(Increase) decrease in receivables	(16.3)	52.1
(Increase) decrease in inventory and related programming liabilities, net	(160.9)	93.6
Increase in pre-publication costs, net	(19.3)	(26.6)
Increase in prepaid expenses and other current assets	(76.7)	(107.3)
Increase in unbilled receivables	(55.8)	(142.6)
Decrease in accounts payable and accrued expenses	(515.7)	(531.5)
Increase in income taxes payable and deferred income taxes, net	9.8	54.3
Decrease in deferred income	(29.9)	(10.6)
Other, net	63.7	(57.2)
NET CASH FLOW FROM OPERATING ACTIVITIES	(540.6)	(423.4)
INVESTING ACTIVITIES:		
Capital expenditures	(148.0)	(163.4)
Acquisitions, net of cash acquired	(52.0)	(197.2)
Proceeds from dispositions	--	1,127.1
Investments in and advances to affiliated companies	(47.6)	(20.5)
Proceeds from sales of short-term investments	31.7	140.6
Purchases of short-term investments	(37.4)	(144.3)
Other, net	(9.1)	(.5)
NET CASH FLOW FROM INVESTING ACTIVITIES	(262.4)	741.8
FINANCING ACTIVITIES:		
Short-term borrowings from (repayments to) banks, net	707.5	(361.3)
Proceeds from exercise of stock options and warrants	57.3	44.6
Repayments of other notes	(50.8)	--
Payments of Preferred Stock dividends	(15.0)	(15.0)
Other, net	(9.3)	(2.7)
NET CASH FLOW FROM FINANCING ACTIVITIES	689.7	(334.4)
Net decrease in cash and cash equivalents	(113.3)	(16.0)
Cash and cash equivalents at beginning of the period	464.1	597.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$350.8	$581.7
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash payments for interest, net of amounts capitalized	$236.5	$332.3
Cash payments for income taxes	23.1	17.4
NON CASH INVESTING AND FINANCING:		
Property and equipment acquired under capitalized leases	44.9	--

See notes to consolidated financial statements.

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 and publishing company with operations in five segments: (i) Networks and Broadcasting, (ii) Entertainment, (iii) Video and Music/Theme Parks, (iv) Publishing and (v) Cable Television.

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.

The financial statements reflect, in the opinion of management, all normal recurring adjustments necessary for a fair statement of the financial position and results of operations of the Company. Certain previously reported amounts have been reclassified to conform with the current presentation.

Net earnings per common share -- Primary net earnings per common share is calculated based on the weighted average number of common shares outstanding during each period, the effects of common shares potentially issuable in connection with stock options and warrants, and variable common rights and contingent value rights in 1995. For each of the periods presented, the effect of the assumed conversion of the Preferred Stock is antidilutive and, therefore, is not reflected in fully diluted net earnings per common share.

2) POTENTIAL TRANSACTION

During July 1995, the Company entered into an agreement to split-off its cable systems to its shareholders through a dutch-auction exchange offer. The exchange offer will allow shareholders to exchange shares of Viacom Inc. Class A or Class B Common Stock for shares of cumulative, redeemable exchangeable preferred stock of a subsidiary of Viacom that holds its cable systems. Prior to the consummation of the exchange offer, such subsidiary will enter into a $1.7 billion credit agreement, the proceeds of which will be transferred to another subsidiary of Viacom. The Company also entered into a definitive agreement with Tele-Communications, Inc. ("TCI") under which a subsidiary of TCI, through a capital contribution of $350 million in cash, will purchase all of the common shares of such subsidiary immediately following the split-off. National Amusements, Inc. ("NAI"), which owns approximately 25% of Viacom Inc. Class A and Class B Common Stock on a combined basis, will not participate in the exchange offer. The exchange offer and related transactions remain subject to several conditions, including regulatory approvals, the receipt of an IRS ruling, a request for which is currently pending, and consummation of the exchange offer.

(TABULAR DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

3) DISPOSITION

On March 10, 1995, the Company sold Madison Square Garden Corporation, which included the Madison Square Garden Arena, The Paramount theater, the New York Knickerbockers, the New York Rangers and the Madison Square Garden Network (collectively "MSG") to a joint venture of ITT Corporation and Cablevision Systems Corporation for closing proceeds of $1.0 billion, representing the sale price of $1.1 billion, less $66 million in working capital adjustments. MSG was acquired during 1994 by the Company as part of Paramount Communications Inc. with its book value recorded at fair value and therefore no gain was recorded on its sale. Proceeds from the sale of MSG and other dispositions were used to repay notes payable to banks.

MSG was accounted for as a discontinued operation and, accordingly, its operating results have been separately disclosed in the consolidated financial statements. Summarized results of operations for MSG for the period January 1 through March 9, 1995, are as follows:

Revenues...............................	$ 91.5
Earnings from operations before income taxes	12.7
Provision for income taxes.............	5.1
Net earnings...........................	7.6
Net earnings per common share...........	.02

(TABULAR DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

4) INVENTORIES

	MARCH 31, 1996	DECEMBER 31, 1995
Prerecorded music and videocassettes	$ 483.8	$ 474.8
Videocassette rental inventory.............	539.4	520.3
Publishing:		
Finished goods.........................	330.5	303.6
Work in process........................	39.2	44.9
Material and supplies..................	23.3	30.2
Other......................................	102.8	87.9
		1,461.7
	1,519.0	
Less current portion...................	929.0	903.1
	$ 590.0	$ 558.6
Theatrical and television inventory:		
Theatrical and television productions:		
Released...........................	$ 1,586.6	$1,612.1
Completed, not released............	22.2	52.5
In process and other...............	390.7	357.0
Program rights.........................	1,000.8	966.3
	3,000.3	2,987.9
Less current portion...................	1,175.3	1,275.0
	$ 1,825.0	$1,712.9
Total non-current inventory................	$ 2,415.0	$2,271.5

5) LONG-TERM DEBT

The Company's scheduled maturities of notes payable to banks and debentures through December 31, 2000, assuming full utilization of the credit agreements are $1.5 billion (1996), $251 million (1997), $1.0 billion (1998), $1.5 billion (1999) and $1.3 billion (2000). 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.

6) COMMITMENTS AND CONTINGENCIES

The commitments of the Company for program license fees which are not reflected in the balance sheet as of March 31, 1996 estimated to aggregate approximately $2.3 billion, principally reflect commitments under Showtime Networks Inc.'s ("SNI's") exclusive arrangements with several motion picture companies. This 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 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.

7) OTHER ITEMS, NET

For 1995, "Other items, net" primarily reflects a gain of $26.9 million on the sale of marketable securities.

8) PROVISION FOR INCOME TAXES

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The annual effective tax rates of 63% for 1996 and 61% for 1995 were both adversely affected by amortization of intangibles in excess of the amounts deductible for tax purposes.

(TABULAR DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

9) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International is a wholly owned subsidiary of the Company. The Company has fully and unconditionally guaranteed Viacom International debt securities. 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 Viacom Inc., Viacom International (carrying investments in non-guarantor affiliates under the equity method), and non-guarantor affiliates of Viacom Inc., and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

	THREE MONTHS ENDED MARCH 31, 1996				
	VIACOM INC.	VIACOM INTERNATIONAL	NON-GUARANTOR AFFILIATES	ELIMINATIONS	THE COMPANY CONSOLIDATED
Revenues	$ 1,007.3	$ 254.8	$ 1,540.3	$ (4.3)	$ 2,798.1
Expenses:					
Operating	728.7	89.0	914.8	(4.3)	1,728.2
Selling, general and administrative	88.2	119.2	369.0	--	576.4
Depreciation and amortization	88.2	14.1	117.7	--	220.0
Total expenses	905.1	222.3	1,401.5	(4.3)	2,524.6
Operating income	102.2	32.5	138.8	--	273.5
Other income (expense):					
Interest expense, net	(167.4)	(30.5)	(7.1)	--	(205.0)
Other items, net	--	(.1)	(.4)	--	(.5)
Earnings (loss) from continuing operations before income taxes	(65.2)	1.9	131.3	--	68.0
Provision for income taxes	(9.1)	(2.2)	(31.3)	--	(42.6)
Equity in earnings of affiliated companies, net of tax	101.0	102.3	6.2	(208.3)	1.2
Minority interest	1.1	(.4)	.5	--	1.2
Net earnings from continuing operations	27.8	101.6	106.7	(208.3)	27.8
Cumulative convertible preferred stock dividend requirement	(15.0)	--	--	--	(15.0)
Net earnings attributable to common stock	$ 12.8	$ 101.6	$ 106.7	$(208.3)	$ 12.8

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(TABULAR DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED MARCH 31, 1995				
	VIACOM INC.	VIACOM INTERNATIONAL	NON-GUARANTOR AFFILIATES	ELIMINATION	THE COMPANY CONSOLIDATED
Revenues	$888.5	$196.3	$1,612.3	$ (1.5)	$2,695.6
Expenses:					
Operating	583.4	63.9	1,056.0	(1.5)	1,701.8
Selling, general and administrative	60.9	95.3	321.8	--	478.0
Depreciation and amortization	66.3	9.8	104.6	--	180.7
Total expenses	710.6	169.0	1,482.4	(1.5)	2,360.5
Operating income	177.9	27.3	129.9	--	335.1
Other income (expense):					
Interest expense, net	(167.9)	(22.8)	(6.1)	--	(196.8)
Other items, net	.3	27.5	(0.3)	--	27.5
Earnings from continuing operations before income taxes	10.3	32.0	123.5	--	165.8
Provision for income taxes	(9.8)	(25.2)	(63.9)	--	(98.9)
Equity in earnings of affiliated companies, net of tax	74.8	68.0	2.0	(144.0)	.8
Minority interest	(4.1)	--	--	--	(4.1)
Net earnings from continuing operations	71.2	74.8	61.6	(144.0)	63.6
Earnings from discontinued operations, net of tax	--	--	7.6	--	7.6
Net earnings	71.2	74.8	69.2	(144.0)	71.2
Cumulative convertible preferred stock dividend requirement	15.0	--	--	--	15.0
Net earnings attributable to common stock	$ 56.2	$ 74.8	$ 69.2	$(144.0)	$ 56.2

(TABULAR DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	MARCH 31, 1996				
	VIACOM INC.	VIACOM INTERNATIONAL	NON-GUARANTOR AFFILIATES	ELIMINATION	THE COMPANY CONSOLIDATED
ASSETS					
Current Assets:					
Cash and cash equivalents.	$ 150.2	$ 168.1	$ 32.5	$ --	$ 350.8
Receivables, net..........	251.6	241.7	1,416.4	(19.8)	1,889.9
Inventory.................	688.7	99.8	1,315.8	--	2,104.3
Other current assets......	48.2	108.8	609.9	--	766.9
Total current assets....	1,138.7	618.4	3,374.6	(19.8)	5,111.9
Property and equipment........	1,217.9	320.3	2,628.3	--	4,166.5
Less accumulated depreciation.	179.7	78.6	609.4	--	867.7
Net property and equipment....	1,038.2	241.7	2,018.9	--	3,298.8
Inventory....................	763.1	200.1	1,451.8	--	2,415.0
Intangibles, at amortized cost.	7,090.1	552.7	8,432.0	--	16,074.8
Investments in consolidated subsidiaries.................	2,575.6	11,474.5	--	(14,050.1)	--
Other assets.................	230.0	373.6	2,056.1	(366.5)	2,293.2
	$ 12,835.7	$ 13,461.0	$ 17,333.4	$(14,436.4)	$ 29,193.7
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable...........	$ 155.4	$ 34.8	$ 333.8	$ (4.4)	$ 519.6
Accrued compensation.......	50.5	97.2	165.4	--	313.1
Participants' share, residuals and royalties payable....................	117.6	--	630.3	--	747.9
Current portion of long-term debt.............	27.5	1.5	21.0	--	50.0
Other current liabilities..	510.5	376.7	984.7	(15.9)	1,856.0
Total current liabilities	861.5	510.2	2,135.2	(20.3)	3,486.6
Long-term debt................	9,391.6	1,603.3	585.0	(180.4)	11,399.5
Other liabilities.............	(12,099.2)	738.9	12,212.7	1,291.9	2,144.3
Shareholders' equity:					
Preferred Stock............	1,200.0	--	--	--	1,200.0
Common Stock...............	3.7	203.0	722.4	(925.4)	3.7
Additional paid-in capital.	10,786.1	8,574.1	1,052.9	(9,627.0)	10,786.1
Retained earnings..........	2,711.1	1,808.0	642.0	(4,975.2)	185.9
Cumulative translation adjustment................	(19.1)	23.5	(16.8)	--	(12.4)
Total shareholders' equity	14,681.8	10,608.6	2,400.5	(15,527.6)	12,163.3
	$12,835.7	$ 13,461.0	$ 17,333.4	$(14,436.4)	$ 29,193.7

(TABULAR DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	DECEMBER 31, 1995				
	VIACOM INC.	VIACOM INTERNATIONAL	NON-GUARANTOR AFFILIATES	ELIMINATION	THE COMPANY CONSOLIDATED
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 176.2	$ 223.3	$ 64.6	$ --	$ 464.1
Receivables, net.........	259.4	267.7	1,366.8	(21.5)	1,872.4
Inventory................	736.5	102.3	1,339.3	--	2,178.1
Other current assets.....	44.6	103.3	544.1	(7.6)	684.4
Total current assets...	1,216.7	696.6	3,314.8	(29.1)	5,199.0
Property and equipment.......	1,132.9	280.2	2,561.6	--	3,974.7
Less accumulated depreciation.............	141.5	55.9	559.4	--	756.8
Net property and equipment.............	991.4	224.3	2,002.2	--	3,217.9
Inventory....................	682.0	182.2	1,407.3	--	2,271.5
Intangibles, at amortized cost.......................	7,118.3	557.5	8,477.4	--	16,153.2
Investments in consolidated subsidiaries................	1,943.5	11,295.9	--	(13,239.4)	--
Other assets................	237.3	314.6	1,982.8	(350.3)	2,184.4
	$12,189.2	$13,271.1	$17,184.5	$(13,618.8)	$29,026.0
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable..........	$ 339.4	$ 44.2	$ 411.7	$ (6.5)	$ 788.8
Accrued compensation......	47.5	145.7	256.2	--	449.4
Participants share, residuals and royalties payable................	87.3	--	710.9	--	798.2
Current portion of long-term debt...........	25.2	1.5	18.4	--	45.1
Other current liabilities.	563.7	381.6	1,100.3	(28.5)	2,017.1
Total current liabilities.	1,063.1	573.0	2,497.5	(35.0)	4,098.6
Long-term debt...............	8,705.1	1,595.2	592.2	(180.4)	10,712.1
Other liabilities............	(10,468.5)	1,152.1	11,799.7	(361.8)	2,121.5
Shareholders' equity:					
Preferred Stock...........	1,200.0	--	--		1,200.0
Common Stock..............	3.7	212.0	722.4	(934.4)	3.7
Additional paid-in capital	10,726.9	8,544.4	1,052.7	(9,597.1)	10,726.9
Retained earnings.........	976.8	1,171.1	535.3	(2,510.1)	173.1
Cumulative translation adjustment.............	(17.9)	23.3	(15.3)	--	(9.9)
Total shareholders' equity	12,889.5	9,950.8	2,295.1	(13,041.6)	12,093.8
	$12,189.2	$13,271.1	$ 17,184.5	$ (13,618.8)	$29,026.0

(TABULAR DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED MARCH 31, 1996				
	VIACOM INC.	VIACOM INTERNATIONAL	NON-GUARANTOR AFFILIATES	ELIMINATION	THE COMPANY CONSOLIDATED
NET CASH FLOW FROM OPERATING ACTIVITIES	$(155.7)	$ (55.8)	$ (329.1)	$ --	$ (540.6)
INVESTING ACTIVITIES:					
Capital expenditures.............	(76.6)	(16.4)	(55.0)	--	(148.0)
Acquisitions, net of cash acquired	(34.8)	--	(17.2)	--	(52.0)
Investments in and advances to affiliated companies...........	(14.4)	(28.4)	(4.8)	--	(47.6)
Proceeds from sale of short-term investments....................	--	31.7	--	--	31.7
Payments for purchase of short-term investments....................	--	(37.4)	--	--	(37.4)
Other, net.......................	--	(9.1)	--	--	(9.1)
NET CASH FLOW FROM INVESTING ACTIVITIES	(125.8)	(59.6)	(77.0)	--	(262.4)
FINANCING ACTIVITIES:					
Short-term borrowings from banks, net	681.8	--	25.7	--	707.5
Proceeds from exercise of stock options and warrants	57.3	--	--	--	57.3
Increase (decrease) in intercompany payables	(465.2)	72.6	392.6	--	--
Payment of Preferred Stock dividends	(15.0)	--	--	--	(15.0)
Repayment of other notes.........	--	(12.0)	(38.8)	--	(50.8)
Other, net.......................	(3.4)	(.4)	(5.5)	--	(9.3)
NET CASH FLOW FROM FINANCING ACTIVITIES	255.5	60.2	374.0	--	689.7
Net decrease in cash and cash equivalents....................	(26.0)	(55.2)	(32.1)	--	(113.3)
Cash and cash equivalents at beginning of period............	176.2	223.3	64.6	--	464.1
CASH AND CASH EQUIVALENTS AT END OF PERIOD..........................	$ 150.2	$ 168.1	$ 32.5	$ --	$ 350.8

(TABULAR DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED MARCH 31, 1995				
	VIACOM INC.	VIACOM INTERNATIONAL	NON-GUARANTOR AFFILIATES	ELIMINATION	THE COMPANY CONSOLIDATED
NET CASH FLOW FROM OPERATING ACTIVITIES	$(519.9)	$ 252.9	$165.8	$(322.2)	$(423.4)
INVESTING ACTIVITIES:					
Capital expenditures..........	(79.3)	(21.5)	(62.6)	--	(163.4)
Acquisitions, net of cash acquired	(51.7)	--	(145.5)	--	(197.2)
Proceeds from dispositions....	--	1,036.1	91.0	--	1,127.1
Investments in and advances to affiliated companies.........	--	(10.3)	(10.2)	--	(20.5)
Proceeds from sale of short-term investments................	--	140.6	--	--	140.6
Payments for purchase of short-term investments.................	--	(144.3)	--	--	(144.3)
Other, net...................	--	(.4)	(.1)	--	(.5)
NET CASH FLOW FROM INVESTING ACTIVITIES	(131.0)	1,000.2	(127.4)	--	741.8
FINANCING ACTIVITIES:					
Short-term borrowings from (repayments) to banks, net...	(362.3)	1.0	--	--	(361.3)
Payment of Preferred Stock dividends	(15.0)	--	--	--	(15.0)
Increase (decrease) in intercompany payables	972.0	(918.1)	(376.1)	322.2	--
Proceeds from exercise of stock options and warrants.........	44.6	--	--	--	44.6
Other, net...................	--	--	(2.7)	--	(2.7)
NET CASH FLOW FROM FINANCING ACTIVITIES	639.3	(917.1)	(378.8)	322.2	(334.4)
Net increase (decrease) in cash and cash equivalents.............	(11.6)	336.0	(340.4)		(16.0)
Cash and cash equivalents at beginning of period.........	135.6	63.4	398.7	--	597.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 124.0	$ 399.4	$ 58.3	$ --	$ 581.7

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; operating income; and EBITDA by business segment, for the three months ended March 31, 1996 and 1995. 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, 1996	THREE MONTHS ENDED MARCH 31, 1995	PERCENT CHANGE
	(In millions)		
REVENUES:			
Networks and Broadcasting	$542.2	$457.2	19%
Entertainment	920.0	1,071.6	(14)
Video and Music/Theme Parks	846.8	694.9	22
Publishing	389.0	375.0	4
Cable Television	116.7	106.0	10
Intercompany	(16.6)	(9.1)	(82)
Total	$2,798.1	$2,695.6	4
OPERATING INCOME (LOSS): (a)			
Networks and Broadcasting	$117.6	$100.5	17%
Entertainment	128.4	155.1	(17)
Video and Music/Theme Parks	96.8	141.8	(32)
Publishing	(46.6)	(46.4)	--
Cable Television	23.8	22.3	7
Corporate	(46.5)	(38.2)	(22)
Total	$ 273.5	$335.1	(18)
EBITDA: (b)			
Networks and Broadcasting	$148.3	$125.6	18%
Entertainment	163.4	189.8	(14)
Video and Music/Theme Parks	189.3	205.2	(8)
Publishing	(9.1)	(10.3)	12
Cable Television	45.6	42.3	8
Corporate	(44.0)	(36.8)	(20)
Total	$493.5	$515.8	(4)

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

RESULTS OF OPERATIONS

Revenues increased 4% to $2.8 billion for the first quarter of 1996 from $2.7 billion for the first quarter of 1995. EBITDA decreased 4% to $493.5 million for the first quarter of 1996 from $515.8 million for the first quarter of 1995. Operating income decreased 18% to $273.5 million for the first quarter of 1996 from $335.1 million for the first quarter of 1995.

SEGMENT RESULTS OF OPERATIONS

NETWORKS AND BROADCASTING (Basic Cable and Premium Subscription Television Program Services, Television and Radio Stations)

The Networks and Broadcasting segment is comprised of MTV Networks ("MTVN"), basic cable television program services; Showtime Networks Inc. ("SNI"), premium subscription television program services; television stations and radio stations. Revenues increased 19% to $542.2 million for the first quarter of 1996 from $457.2 million for the first quarter of 1995. EBITDA increased 18% to $148.3 million for the first quarter of 1996 from $125.6 million for the first quarter of 1995. Operating income increased 17% to $117.6 million for the first quarter of 1996 from $100.5 million for the first quarter of 1995. MTVN revenues of $264.0 million, EBITDA of $93.5 million and operating income of $79.3 million increased 28%, 20% and 19%, respectively. The increase in MTVN's revenues principally reflects, at each of the networks, higher advertising revenues due to rate increases and affiliate revenues due to rate and subscriber increases. MTVN's EBITDA and operating income gains were driven by the increased revenues partially offset by higher operating costs, primarily reflecting higher production expenses and increased expenses associated with international expansion. SNI's revenues, EBITDA, and operating income increased 9%, 41%, and 44%, respectively, principally due to an increase of 1.4 million subscribers, reflecting the continued growth of direct broadcasting satellite subscribers, partially offset by higher programming expenses. SNI served a total of 15.1 million subscribers at March 31, 1996. The television and radio stations revenues increased 11%, EBITDA increased 15% and operating income increased 16% primarily reflecting increased advertising revenues and the change in mix to television stations in larger markets during the prior year.

ENTERTAINMENT (Motion Pictures and Television Programming, Movie Theaters, and New Media and Interactive Services)

The Entertainment segment is principally comprised of Paramount Pictures, Paramount Television, Spelling Entertainment Group Inc. ("Spelling") and the former Viacom Entertainment. Revenues decreased 14% to $920.0 million for the first quarter of 1996 from $1.1 billion for the first quarter of 1995. EBITDA decreased 14% to $163.4 million for the first quarter of 1996 from $189.8 million for the first quarter of 1995. Operating income decreased 17% to $128.4 million for the first quarter of 1996 from $155.1 million for the first quarter of 1995. During the first quarter of 1996, Viacom recognized $100.0 million of EBITDA and operating income attributable to its strategic alliance with KirchGroup, the German media group. The alliance includes a series of agreements regarding the licensing to the KirchGroup of television rights to Paramount television programs and films in German speaking territories as well as carriage of certain Viacom cable networks on a new digital pay TV service in Germany. In addition, first quarter 1996 revenue contributions from Paramount Picture's Sabrina, Black Sheep and Eye for an Eye did not match the stronger foreign theatrical performance of Paramount Pictures' Forrest Gump in the first quarter of 1995. The comparisons reflect, in 1995, $250.0 million of revenues and $68.0 million of EBITDA and operating income resulting from the conforming of accounting policies pertaining to the television programming libraries of Viacom Entertainment, Spelling and Paramount.

The Company is currently exploring the sale of Spelling and the related purchase of Spelling's interest in Virgin Interactive Entertainment Limited ("Virgin"). An independent committee of Spelling's Board of Directors has been formed to negotiate the terms of the Virgin transaction.

VIDEO AND MUSIC/THEME PARKS (Home Video and Music Retailing/Theme Parks)

The Video and Music/Theme Parks segment is comprised principally of Blockbuster Video and Music, and Paramount Parks. Revenues increased 22% to $846.8 million for the first quarter of 1996 from $694.9 million for the first quarter of 1995. EBITDA decreased 8% to $189.3 million for the first quarter of 1996 from $205.2 million for the first quarter of 1995. Operating income decreased 32% to $96.8 million for the first quarter of 1996 from $141.8 million for the first quarter of 1995. The revenue increase reflects the increased number of Company-owned video stores in operation in 1996 as compared to 1995 and an 8% increase in worldwide same-store sales. In the first quarter of 1996, the Company opened 136 stores worldwide ending the quarter with 4,619 stores, which resulted in net increases of 106 and 584 stores for the quarter and prior four quarters, respectively, reflecting openings, acquisitions, and closings. The decreases in EBITDA and operating income reflect difficult conditions in the music retailing industry and increased rental tape amortization cost compared with lower than normal amortization in 1995, partially offset by the revenue increase. Music stores recorded revenues of $132.9 million, EBITDA of ($2.1) million and operating loss of $7.9 million for the three months ended March 31, 1996 and revenues of 130.7 million, EBITDA of $7.1 million and operating income of $3.3 million for the three months ended March 31, 1995. The Theme Parks, begin full time operations during the second and third quarters and therefore, typically record the majority of revenues, EBITDA and operating income during those periods.

PUBLISHING (Education; Consumer; Business and Professional, Reference and International Groups)

Publishing is comprised of Simon & Schuster which includes imprints such as Simon & Schuster, Pocket Books, Prentice Hall and Macmillan Computer Publishing. Publishing typically has seasonally stronger operating results in the second half of the year. Revenues increased 4% to $389.0 million for the first quarter of 1996 from $375.0 million for the first quarter of 1995. EBITDA improved 12% to a loss of $9.1 million for the first quarter of 1996 from a loss of $10.3 million for the first quarter of 1995. Operating loss remained constant at $46.6 million for the first quarter of 1996 from a loss of $46.4 million for the first quarter of 1995. The revenue increase primarily reflects new releases from the Macmillan Computer Publishing group, and increased Higher Education frontlist sales. The improved EBITDA is primarily the result of increased revenues and lower operating expenses for the Higher Education group. Operating loss remained constant reflecting the improved EBITDA offset by increased depreciation expense.

CABLE TELEVISION (Cable Television Distribution Systems)

Cable Television revenues increased 10% to $116.7 million for the first quarter of 1996 from $106.0 million for the first quarter of 1995, primarily attributable to increased primary and pay-per-view revenues. EBITDA increased 8% to $45.6 million for the first quarter of 1996 from $42.3 million for the first quarter of 1995. Operating income increased 7% to $23.8 million for the first quarter of 1996 from $22.3 million for the first quarter of 1995. Primary revenues increased 9%, reflecting a 3% increase in average primary customers and a 6% increase in primary rates. Premium revenues increased 2%, reflecting a 5% increase in average premium units, partially offset by a 3% decrease for the average premium rates. Total revenues per primary customer per month increased 7% to $32.83 for the first quarter of 1996 from $30.77 for the first quarter of 1995. The increased EBITDA and operating income reflect the increased revenues, partially offset by increased operating and general and administrative expenses.

On July 24, 1995, Viacom announced a multi-step transaction which, if completed, would result in the split-off of its cable operations (see Note 2 of Notes to Consolidated Financial Statements.)

OTHER INCOME AND EXPENSE INFORMATION
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Corporate expenses
Corporate expenses including depreciation expense increased 22% to $46.5 million for the first quarter of 1996 from $38.2 million for the first quarter of 1995, principally reflecting the impact of executive severance expense in 1996.

Interest expense, net
Net interest expense increased 4% to $205.0 million for the first quarter of 1996 from $196.8 million for the first quarter of 1995, primarily reflecting the issuance, during 1995, of $1.6 billion of notes and debentures, partially offset by decreased bank borrowings. The Company had approximately $11.4 billion and $10.1 billion principal amount of debt outstanding (including current maturities) as of March 31, 1996, and March 31, 1995, respectively, at weighted average interest rates of 7.1% and 7.9%, respectively.

Other items, net
For 1995, "Other items, net" primarily reflects a gain of $26.9 million on the sale of marketable securities.

Provision for income taxes
The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The annual effective tax rates of 63% for 1996 and 61% for 1995 were both adversely affected by amortization of intangibles in excess of amounts which are deductible for tax purposes.

Equity in earnings of affiliates
"Equity in earnings of affiliated companies, net of tax" of $1.2 million for the first quarter of 1996 increased from $.8 million for the first quarter of 1995, primarily reflecting improved operating

results of USA Networks and United Cinemas International Multiplex B.V., partially offset by net losses from international start-up equity ventures.

Minority interest

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

Discontinued operations

Discontinued operations reflects the results of operations of MSG, which was sold March 10, 1995 (see Note 3 to Notes to Consolidated Financial Statements).

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, interest and dividends on its outstanding indebtedness and preferred stock) with internally generated funds and from various external sources, which may include the Company's existing credit agreements and amendments thereto, co-financing arrangements by the Company's various divisions, additional financings and the sale of non-strategic assets as opportunities may arise.

The Company was in compliance with all debt covenants and had satisfied all financial ratios and tests as of March 31, 1996 under the agreements and the Company expects to be in compliance and satisfy all such covenant ratios as may be applicable from time to time during 1996.

The Company's scheduled maturities of notes payable to banks and debentures through December 31, 2000, assuming full utilization of the credit agreements are $1.5 billion (1996), $251 million (1997), $1.0 billion (1998), $1.5 billion (1999) and $1.3 billion (2000). 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, 1996, estimated to aggregate approximately $2.3 billion, principally reflect commitments under SNI's exclusive arrangements with several motion picture companies. This 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 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 $5.1 billion as of March 31, 1996 from $5.2 billion as of December 31, 1995, primarily reflecting normal operating activity. The allowance for doubtful accounts as a percentage of receivables was 6% as of March 31, 1996 and December 31, 1995. Property and equipment increased reflecting capital expenditures of $148.0 million and capitalized leases of $44.9 million primarily related to capital additions for new and existing video stores and additional construction and equipment upgrades for existing cable franchises and theme parks. Current liabilities decreased 15% to $3.5 billion as of March 31, 1996 from $4.1 billion as of December 31, 1995, reflecting the payment for a seasonally high level of Blockbuster videocassette purchases made in the prior quarter and payment of accrued compensation and other normal operating activity. Long-term debt, including current maturities, increased 6% to $11.4 billion as of March 31, 1996 from $10.8 billion as of December 31, 1995 reflecting 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 seasonality of the educational publishing business, the typical timing of major motion picture releases, the summer operation of its theme parks, the positive effect of the holiday season on advertising revenues and video store revenues, and the impact of the beginning of the broadcast television season on television production. Net cash flow from operating activities was negative $540.6 million for the three months ended March 31, 1996, versus negative $423.4 million for the three months ended March 31, 1995. Operating cash flows in both years reflect the payment for a seasonally high level of Blockbuster videocassette purchases made in the prior quarters. Net cash expenditures for investing activities of $262.4 million for the three months ended March 31, 1996, principally reflects capital expenditures, investments in international equity ventures and other acquisitions. Net cash flows from investing activities of $741.8 million for the three months ended March 31, 1995, principally reflects proceeds from the sale of MSG, partially offset by capital expenditures and other acquisitions. Financing activities principally reflect borrowings and repayments of debt under the credit agreements during each period presented.

CAPITAL STRUCTURE

The following table sets forth the Company's long-term debt, net of current portion as of March 31, 1996 and December 31, 1995:

	MARCH 31, 1996	DECEMBER 31, 1995
	(In millions)	
Notes payable to banks..............	$ 6,914.3	$ 6,206.9
Senior debt.........................	2,483.2	2,482.8
Senior subordinated debt............	637.8	636.8
Subordinated debt...................	950.3	946.7
Obligations under capital leases....	452.3	421.9
Other notes.........................	11.6	62.1
	11,449.5	10,757.2
Less current portion................	50.0	45.1
	$11,399.5	$ 10,712.1

The notes and debentures are presented net of an aggregate unamortized discount of \$176.1 million as of March 31, 1996 and \$181.9 million as of December 31, 1995.

Debt, including the current portion, as a percentage of total capitalization of the Company was 48% at March 31, 1996 and 47% at December 31, 1995.

The Company enters into interest rate exchange agreements with off-balance sheet risk in order to reduce its exposure to changes in interest rates on its variable rate long-term debt. As of March 31, 1996, the Company and its subsidiaries had obtained interest rate protection agreements with respect to approximately \$1.6 billion of indebtedness, which effectively change the Company's interest rate on variable rate borrowings to fixed interest rates. The maturities of the interest rate protection agreements are \$1.0 billion during April 1996 and \$600 million during March 1997.

The Company filed a shelf registration statement with the Securities and Exchange Commission registering debt securities, preferred stock and contingent value rights of Viacom 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 Viacom 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. To date, the Company issued \$1.6 billion of notes and debentures and has \$1.4 billion remaining availability under the shelf registration statement.

PART II -- OTHER INFORMATION

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

(a) Exhibits.

10 Supplemental Agreement, dated as of January 17, 1996, between Viacom Inc., Viacom International Inc. and Frank J. Biondi, Jr.

11 Statement re Computation of Net Earnings Per Share.

27 Financial Data Schedule.

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

Current Report on Form 8-K of Viacom Inc. filed on January 17, 1996 relating to the announcement of certain changes in the executive officers and Board of Directors.

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 15, 1996 /s/ Sumner M. Redstone

Sumner M. Redstone
Chairman of the Board of Directors,
Chief Executive Officer

Date May 15, 1996 /s/ George S. Smith, Jr.

George S. Smith, Jr.
Senior Vice President,
Chief Financial Officer

Exhibit Index

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EXHIBIT 10

SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT, effective as of January 17, 1996 (the "Agreement"), between VIACOM INC., a Delaware corporation (the "Company"), VIACOM INTERNATIONAL INC., a Delaware corporation ("Viacom"), and FRANK J. BIONDI, JR. (the "Executive").

WHEREAS, the Company and the Executive have heretofore entered into an employment agreement, dated as of August 1, 1994 (the "Employment Agreement"), providing for the Executive to serve as President and Chief Executive Officer of the Company and as President and Chief Executive Officer of Viacom and Paramount Communications Inc., a Delaware corporation that was subsequently merged into Viacom;

WHEREAS, the Company and the Executive have mutually agreed to terminate the Executive's position as an officer and director with the Company and Viacom and wish to set forth herein their understandings of their respective rights and obligations under the Employment Agreement in connection with such termination and to provide for the Executive's employment as an officer of VNM Inc., a subsidiary of the Company ("VNM");

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows (all capitalized terms used in this Agreement without definition to have the meanings ascribed thereto in the Employment Agreement):

1. Termination

(a) Termination as Employee, Officer and Director. The Executive and the Company acknowledge the termination of the Executive's position as President and Chief Executive Officer of each of the Company, Viacom and Paramount, effective as of the close of business on January 17, 1996 (such date being referred to herein as the "Termination Date"). The Executive and the Company further acknowledge the termination of the Executive's position as an employee of each subsidiary of the Company with which he held such a position as of the Termination Date (other than VNM). The Company and the Executive hereby acknowledge the Executive's resignation, effective as of the Termination Date, as a member of the board of directors or similar governing body of the Company and each of its affiliates in which he held such a position. At the request of the Company, the Executive will execute such letters of resignation or other documentation as the Company may reasonably request to evidence such resignations.

(b) Termination Without Cause. The Company and the Executive agree that the termination of the Executive's positions as described in Section 1(a) above shall be treated as a termination without Cause for purposes of the Employment Agreement.

2. Employment with VNM

(a) Position with VNM. Effective as of the Termination Date, the Executive is hereby employed as an officer of VNM. In such capacity, the Executive shall perform such duties, and provide such services to VNM, in an executive capacity, as may reasonably be directed by the Chairman of the Company. The Company acknowledges that the Executive's employment by VNM shall not require his full-time services and shall not preclude the Executive from accepting part-time or full-time employment with a third party, subject, however, to the Executive's compliance with the covenants referred to in Section 7 below.

(b) Duration of Employment with VNM. The Company agrees to maintain the Executive's employment with VNM until the first anniversary of the Termination Date and during such period shall have the right to terminate the Executive's employment only (i) for Cause (as defined in the Employment Agreement) or (ii) if the Executive materially breaches any of the covenants referred to in Section 7 below and fails to cure such breach to the reasonable satisfaction of the Company within 10 business days after receipt of written notice thereof to the Executive. Notwithstanding the preceding sentence, the undertakings of the Company hereunder shall not preclude it from selling, liquidating or otherwise disposing of VNM in its discretion, it being understood that in any such case the Company will provide employment to the Executive as an officer of another subsidiary of the Company on the same terms and conditions provided for herein with respect to his employment with VNM. It is understood and agreed that if the Executive resigns his employment with VNM (or such other subsidiary), such resignation shall not prejudice any of the Executive's rights, or release the Company from any of its obligations, under this Agreement, except as otherwise provided in Section 4(b).

(c) Office and Secretary. The Company will provide the Executive with an office and secretarial assistance through June 30, 1996.

3. Payments. The Company shall make the following payments to the Executive:

(a) Accrued Salary, 1995 Bonus and Deferred Compensation. The Company will pay all Salary accrued by the Executive through the Termination Date in accordance with its normal payroll practices. Amounts of Deferred Compensation (including any earnings thereon) attributable to the Contract Year ended July 31, 1995 will be paid by January 31, 1997. The Executive has been paid a Bonus of $3 million for 1995; such Bonus was determined by applying the same percentage multiplier under the STIP as was used to determine the STIP bonus for 1995 paid to other senior executives of the Company and was rounded up to $3 million. The Executive shall also be reimbursed in accordance with the policies of the Company for any traveling and other expenses incurred in the performance of the business of the Company prior to the Termination Date that have not yet been reimbursed.

(b) Salary Continuation. Subject to Section 3(e) below, during the period beginning with the Termination Date and continuing through the third anniversary thereof (the "Continuation Period"), the Company shall continue to pay the Salary provided for in Section 3(a) of the Employment Agreement at the rate of $990,000 per annum, such Salary to be paid in accordance with the payroll practices of the Company.

(c) Bonus. The Company shall pay the Executive a Bonus for calendar year 1996 and for each subsequent calendar year included in whole or in part within the Continuation Period as provided in Exhibit A hereto. Subject to Section 3(e) below, Bonus payments will be made at the same time payments are made to other participants in the STIP, but in no event later than February 28 of the year following the calendar year in respect of which such Bonus is paid.

(d) Deferred Compensation. With respect to each Contract Year included in whole or in part within the Continuation Period, the Company shall pay the Executive Deferred Compensation as provided in Exhibit B hereto. Subject to Section 3(e) below, payments of Deferred Compensation (including earnings thereon) will be paid by the dates indicated on Exhibit B hereto. The Executive acknowledges that any Deferred Compensation to which he becomes entitled after the date hereof (including without limitation Deferred Compensation in respect of the Contract Year ending July 31, 1996) shall not be credited with any Company matching contribution.

(e) Acceleration of Certain Payments. The payment of any amount provided for in the foregoing subsections (b) through (d) that has not been made by the second anniversary of the Termination Date will be accelerated and will be made on or as promptly as practicable following such second anniversary in a lump sum equal to the present value of all such remaining amounts. For these purposes, present value shall be calculated on the basis of the applicable short-term federal interest rate (applicable to loans with monthly compounding) as determined pursuant to Section 1274(d) of the Internal Revenue Code of 1986, as amended, for the month in which such second anniversary occurs.

4. Options.

(a) Vesting. The Company confirms that the options to purchase 1,000,000 shares of the Company's Class B Common Stock awarded to the Executive under the 1994 Plan with a date of award of August 18, 1994 are vested in full as of the Termination Date by virtue of the termination of the Executive's employment with the Company. In addition, the Company confirms that the Compensation Committee of its Board of Directors has taken all necessary action so that all other options awarded to the Executive to purchase shares of the Company's Class B Common Stock that had not vested as of the Termination Date are now vested and exercisable.

(b) Exercise Period. The Company and the Executive also confirm that as the Executive will continue to serve as an officer of VNM, all options awarded to him under the 1994 Plan or the Company's 1989 Long-Term Management Incentive Plan, as amended (the "1989 Plan"), including without limitation all of the options referred to in the preceding subsection (a), will remain outstanding and exercisable for so long as such employment continues, provided, however, that the terms of each such option awarded to the Executive, and each option agreement relating thereto, are hereby amended to provide that such option shall remain exercisable until, and shall not be exercisable after, the earliest to occur of (i) January 17, 1997 and (ii) the six month anniversary of (X) the effective date of the Executive's resignation from employment with VNM (or any other subsidiary of the Company by which the Executive may be employed pursuant to Section 2(b) above), (Y) the effective date of termination of such employment by the Company for Cause or (Z) the Executive's material breach of the covenants referred to in Section 7 below, which breach is not cured to the reasonable satisfaction of the Company within 10 business days after receipt of written notice thereof to the Executive.

5. Other Benefits.

(a) Benefits Provided for in Employment Agreement. The Company acknowledges and confirms that pursuant to Section 8(b) of the Employment Agreement the Executive will be entitled to continued participation in the medical, dental and insurance plans and arrangements described in Section 6 of the Employment Agreement, and the Company will continue to maintain the life insurance policy described in Section 7(d) of the Employment Agreement and to pay the premiums thereon during the Continuation Period, all as set forth in Section 8(b) of the Employment Agreement.

(b) Phantom Shares under the 1989 Plan. The Phantom Shares awarded to the Executive under the 1989 Plan will be valued, and any payment required under the terms of such Phantom Shares and the 1989 Plan will be made, in accordance with the terms thereof.

(c) Home Security System. The Company will reimburse the Executive for work authorized prior to the Termination Date relating to the home security system at the Executive's Martha's Vineyard residence, in the amount of $4,325. The Executive will be responsible for the costs of all work authorized after the Termination Date.

(d) Automobiles. With respect to the automobile owned by the Executive and for which the Company currently pays insurance premiums, the Company will continue to provide such insurance coverage, at its expense, through December 31, 1996 or, if earlier, 45 days after the Executive commences full-time employment with a third party. In addition, the Executive may continue to insure through December 31, 1996, through policies maintained by the Company but at the Executive's expense, the two other vehicles that currently are so insured.

(e) Office Furniture. The Executive will be permitted to retain the personal office furniture that he brought to the Company from his prior employer, without any payment to the Company.

(f) No Other Benefits. Except for the compensation and other benefits described in Section 3, 4 above and this Section 5: (i) the Executive shall not be entitled to any other compensation or benefits in respect of his employment as an officer of VNM and (ii) the Executive hereby irrevocably waives any right he might otherwise have to any benefits under any compensation, bonus, pension, retirement, health, disability or other welfare plan or program in respect of his service as an officer of VNM, provided, however, that it is expressly agreed that nothing in this Agreement shall constitute a waiver of the Executive's rights to any benefits to which he may be entitled under any such plan or program of the Company and its affiliates in respect of his services to the Company and its affiliates prior to and including the Termination Date.

6. Death During the Continuation Period. If the Executive should die before all amounts required to be paid as set forth in Section 3 of this Agreement have been paid, the Executive's beneficiary (or if no beneficiary has been designated, his estate) shall be entitled to receive such payments at the time they would have been paid to the Executive, provided, however, that in lieu of such payment schedule, the Executive's beneficiary (or if no such beneficiary is designated, his estate) may elect, by written notice to the Company given not more than 90 days following the date of the Executive's death, to receive all such amounts that have not theretofore been paid in a single lump sum equal to the present value of all such payments. For purposes of the previous sentence, present value shall be calculated on the basis of the applicable short-term federal interest rate (applicable to loans with monthly compounding) as determined pursuant to Section 1274(d) of the Internal Revenue Code of 1986, as amended, for the month in which death occurs.

7. Certain Covenants.

(a) Employment Agreement Covenants. Notwithstanding anything else in this Agreement, the Company hereby waives, as of the Termination Date, (X) the provisions of Section 9(a) of the Employment Agreement and (Y) the provisions of Section 9(b) of the Employment Agreement to the extent necessary to permit the Executive to own equity securities of MCA Inc. or The Seagram Company Ltd. or any of their affiliates, it being understood and agreed by the Executive that the waiver set forth in clause (Y) of this sentence is limited as set forth in the foregoing clause (Y) and that the waivers in this first sentence of Section 7(a) do not extend to any other provisions of Section 9 of the Employment Agreement. The Company and the Executive acknowledge and agree that notwithstanding the Executive's continued employment as an officer of VNM, the post-employment periods during which the covenants set forth in Sections 9(b) and 9(c) of the Employment Agreement apply shall be considered to commence on the Termination Date so that (i) the Restricted Period during which the covenants set forth in Section 9(b) of the Employment Agreement apply (except to the extent waived pursuant to the preceding sentence) will end on the first anniversary of the Termination Date and (ii) the covenants set forth in Section 9(c) of the Employment Agreement will end on the second anniversary of the Termination Date. The Executive acknowledges and confirms that during such periods he will be bound by the covenants set forth in Section 9 of the Employment Agreement (except for Section 9(a) and, to the extent waived herein, Section 9(b)) and that the Company will have the remedies set forth in Section 9(e) thereof.

(b) Non-Disparagement. The Executive and, to the extent set forth in the next sentence, the Company agree that, from and after February 13, 1996 and continuing through the remainder of the term of the Executive's employment with VNM and for one year thereafter, each party shall not, in any communications with the press or other media, any customer or client of the Company or any of the Company's affiliates, criticize, ridicule or make any statement which disparages or is derogatory of the other party or, in the case of communications by the Executive, of the Company's divisions or affiliates (other than any joint venture between the Company and MCA (or any of their respective affiliates)) or any of its or their senior officers or directors. The Company's obligations under the preceding sentence shall be limited to communications made or authorized by its senior corporate executives having the rank of Senior Vice President or higher or internal or retained public relations or communications staff.

8. Tax Withholding. All amounts payable to the Executive pursuant to this Agreement shall be subject to all legal requirements with respect to the withholding of taxes.

9. Source of Payments. All payments provided under this Agreement, other than payments made pursuant to a benefit plan which may provide otherwise, shall be paid in cash from the general funds of the Company, and no special or separate fund shall be established, and no other segregation of assets made, to assure payment. The Executive shall have no right, title or interest whatever in or to any investments which the Company may make to aid the Company in meeting its obligations hereunder. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and the Executive or any other person. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured creditor of the Company.

10. Guarantee of Viacom. Viacom hereby guarantees to the Executive each and every obligation of the Company under this Agreement, except the obligations of the Company under Section 4 hereof. The guarantee of Viacom shall be perpetual and shall

remain in effect despite any change in, or alteration or modification or extension of, this Agreement or any forbearance with respect thereto or any other action or omission whatsoever of any person, firm or corporation, whether with or without prior notice to or consent of Viacom, any right to notice or consent being hereby expressly waived. The obligations of Viacom hereunder shall be joint and several.

11. Miscellaneous

(a) Entire Agreement/Authorization. This Agreement and the Employment Agreement set forth the entire understanding of the parties hereto with respect to the subject matter hereof and cannot be amended or modified except by a writing signed by all such parties. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement or of any subsequent breach by such party of a provision of this Agreement. The Company represents and warrants that it has full power and authority, and has taken all necessary action and obtained any necessary corporate approvals, in order to enter into this Agreement and fulfill its obligations hereunder.

(b) Full Satisfaction; No Duty to Mitigate. The Executive acknowledges and agrees that the compensation and other benefits provided for in this Agreement will constitute, in the aggregate, both (i) full satisfaction of the Executive's rights under the Employment Agreement upon termination of employment without Cause and (ii) full compensation for the services he will perform as an officer of VNM, provided, however, that it is expressly agreed that nothing in this Agreement shall constitute a waiver of the Executive's rights to any benefits to which he may be entitled under any compensation, bonus, pension, retirement, health, disability or other welfare plan or program of the Company and its affiliates in respect of his services to the Company and its affiliates prior to and including the Termination Date. The Executive shall have no duty of mitigation with respect to amounts payable to him pursuant to this Agreement or other benefits to which he is entitled pursuant hereto, and subject to the specific provisions concerning medical, dental and insurance plans set forth in Section 8(b)(i) of the Employment Agreement, no amounts payable to the Executive pursuant to hereto, or other benefits to which he is entitled pursuant hereto, will be offset or reduced by any compensation, payments or benefits he may receive from a subsequent employer.

(c) Indemnification. Following the Termination Date, the Company will continue to indemnify and hold harmless the Executive to the fullest extent permitted by law with respect to any act or omission committed by the Executive in the performance of his duties as an officer of the Company, Viacom and Paramount up to the Termination Date, and will indemnify and hold harmless the Executive to the fullest extent permitted by law with respect to any act or omission committed by the Executive in the performance of his duties as an officer of VNM (or any other subsidiary of the Company by which the Executive may be employed pursuant to Section 2(b) above). Amounts payable pursuant to such indemnity shall be paid as the related expense or liability arises.

(d) Share Certificates. Certain certificates representing shares of the Company's Class B Common Stock that were issued to the Executive by the Company contain legends that reflect limitations on the resale of such shares that were applicable to the Executive under the federal securities laws solely by virtue of his status as an "affiliate" of the Company at the time of issuance. After three months have elapsed from the Termination Date, the Company will, upon surrender by the Executive to the Company of any such legended share certificates, promptly issue to the Executive replacement certificates that do not contain such a legend.

(e) Assignment and Delegation. Neither this Agreement nor any right, duty, obligation or interest hereunder shall be assignable or delegable by the Executive without the Company's prior written consent; provided, however, that nothing in this Section shall preclude the Executive from designating any of his beneficiaries to receive any benefits payable hereunder upon his death or disability, or his executors, administrators, or other legal representatives, from assigning any rights hereunder to the person or persons entitled thereto. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, any successors to or assigns of the Company and the Executive's heirs and the personal representatives of the Executive's estate. The Company will not consolidate with or merge into, or sell all or substantially all of its assets to, another corporation, partnership or other entity, unless such other corporation, partnership or entity shall assume this Agreement, and upon such assumption the Executive and the successor corporation, partnership or other entity shall become obligated to perform all of the terms and conditions set forth herein.

(f) Headings. The headings of the Sections of this Agreement are included solely for convenience of reference and shall not be construed or interpreted in any way as affecting the meaning of such Sections.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(h) Governing Law. This Agreement is to be governed by and interpreted in accordance with the laws of the State of New York, without giving effect to the choice-of-law provisions thereof. If, under such law, any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule regulation or ordinance, such portion shall be deemed to be modified or altered to conform thereto or, if that is not possible, to be omitted from this Agreement, and the invalidity of any such portion shall not affect the force, effect and validity of the remaining portion hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of this 23rd day of April, 1996.

VIACOM INC.

By: /s/ WILLIAM A. ROSKIN

William A. Roskin
Senior Vice President, Human
Resources & Administration

VIACOM INTERNATIONAL INC.

By: /s/ WILLIAM A. ROSKIN

William A. Roskin
Senior Vice President, Human
Resources & Administration

EXECUTIVE

/s/ FRANK J. BIONDI, JR.

EXHIBIT A

Bonuses Payable

Calendar Year	Target Bonus, Per Employment Agreement	Bonuses Payable
1996	$3,182,602.50	$3,182,602.50
1997	$3,500,862.75	$3,500,862.75
1998	$3,850,949.03	$3,850,949.03
1999*	$4,236,043.93	$ 197,295.20
Total		$10,731,709.48

EXHIBIT B

Deferred Compensation Payable

Contract Year Beginning	Ending	Deferred Compensation Earned	Payable (with earnings** credited on the amount earned) by:
08/01/94	07/31/95	$179,000.00	01/31/97
08/01/95	07/31/96	$295,900.00	01/31/97
08/01/96	07/31/97	$424,490.00	08/31/97
08/01/97	07/31/98	$565,939.00	08/31/98
08/01/98	07/31/99	$336,056.42***	08/31/99

* Based on a target bonus for the calendar year of $4,236,043.93, prorated based on the 17 days from 1/1/99 through 1/17/99 (i.e., the end of the Continuation Period).

** Earnings to be determined pursuant to Section 4 of the Employment Agreement.

*** Based on deferred compensation earned for the contract year of $721,532.90, prorated based on the 170 days from 8/1/98 through 1/17/99 (i.e., the end of the Continuation Period).

EXHIBIT 11

VIACOM INC. AND SUBSIDIARIES
COMPUTATION OF NET EARNINGS PER SHARE

	Quarter ended March 31, 1996	1995
	(In millions, except per share amounts)	
EARNINGS:		
Net earnings from continuing operations.............	$ 27.8	$ 63.6
Cumulative convertible preferred stock dividend requirement...	15.0	15.0
Earnings from continuing operations attributable to common stock..................................	12.8	48.6
Earnings from discontinued operations, net of tax...	--	7.6
Net earnings attributable to common stock...........	$ 12.8	$ 56.2
PRIMARY COMPUTATION:		
SHARES:		
Weighted average number of common shares.........	370.0	359.2
Common shares potentially issuable in connection with:		
Stock options and warrants....................	4.7	8.5
Contingent value rights (a)...................	--	1.7
Variable common rights (b)....................	--	15.5
Weighted average common shares and common share equivalents................................	374.7	384.9
NET EARNINGS PER COMMON SHARE:		
Net earnings from continuing operations.........	$ .03	$ .13
Earnings from discontinued operations, net of tax	--	.02
Net earnings..................................	$ .03	$ .15
FULLY DILUTED COMPUTATION (C):		
SHARES:		
Weighted average number of common shares outstanding..................................	370.0	359.2
Common shares potentially issuable in connection with:		
Stock options and warrants....................	5.0	8.9
Contingent value rights (a)...................	--	1.7
Variable common rights (b)....................	--	15.5
Weighted average common shares and common share equivalents...............................	375.0	385.3
NET EARNINGS PER COMMON SHARE:		
Net earnings from continuing operations..........	$ .03	$ .13
Earnings from discontinued operations, net of tax	--	.02
Net earnings..................................	$ .03	$ .15

(a) The contingent value rights (the "CVRs") matured on July 7, 1995. The Company paid approximately $81.9 million in cash of approximately $1.44 per CVR to settle its obligation.

(b) The variable common rights (the "VCRs") matured on September 29, 1995. The Company issued approximately 6.1 million shares of Viacom Inc. Class B Common Stock, or .022665 of a share of Viacom Inc. Class B Common Stock per VCR, to settle its obligation under the VCRs.

(c) The Preferred Stock and related dividend requirement had an anti-dilutive effect on earnings per share in 1996 and 1995, and, therefore, were excluded from the fully diluted earnings per share computation.

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UNAUDITED FINANCIAL STATEMENTS OF VIACOM INC. FOR THE QUARTER ENDED MARCH 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS
DEC-31-1996
MAR-31-1996
351
0
2,020
130
2,104
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4,167
868
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3,487
11,400
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1,200
4
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29,194
2,798
2,798
1,728
2,525
0
0
205
68
43
28
0
0
0
28
0.03
0.03